

EUROPEAN NEWS

Early election likely in Spain as Gonzalez summons cabinet

BY DAVID WHITE IN MADRID

THE CHANCES of an early Spanish general election on June 22 increased yesterday when Mr Felipe Gonzalez, the Prime Minister, called an extraordinary meeting of his cabinet. Mr Gonzalez was due afterwards to hold consultations with the King, ahead of the latter's visit to Britain starting today.

KING JUAN CARLOS and Queen Sophia of Spain begin a three-day state visit to Britain today, the first by a Spanish monarch in 39 years, writes Robert Graham. Although both have close blood ties with the British royal family, the visit comes after the Spanish monarch has been on the throne for more than 10 years.

to make a visit, too. Juan Carlos will be accompanied by the Spanish Foreign Minister, Mr Francisco Fernandez-Ordoñez, who will hold talks with his opposite number, Sir Geoffrey Howe, which will include examining ways of making quicker progress on Gibraltar.

a new challenge on the left. Meanwhile, the right-wing Popular Coalition is in a weak state after the Nato campaign, which it called for abstention. Divisions among the three parties which compose it were shown up by sharply contrasting reactions to the US action in Libya.



Mr Felipe Gonzalez: keen to complete his electoral mandate

French privatisation bill faces stormy passage in Assembly

BY DAVID HOUSEGO IN PARIS

THE FIRST legislation of France's new conservative government enters the National Assembly today for what is expected to be a brief but stormy debate. The government cut short discussion of the measure when it was before the Finance Commission of the National Assembly last week.

Oil groups urge easing of Norway tax burden

By Fay Gjester in Oslo

AN URGENT appeal for changes in Norway's petroleum tax regime, to offset the effect of lower oil prices, has been made by 14 of the 15 oil companies operating on the Norwegian continental shelf.

Industrial output up 6.7% in Soviet Union

BY PATRICK COCKBURN

SOVIET INDUSTRIAL output grew by 6.7 per cent in the first quarter of the year compared to the same period in 1985, the highest rate of growth in a single quarter for many years. The high rate of growth in the economy will be very welcome to Mr Mikhail Gorbachev since it comes in the first quarter of the present five-year plan and may be an indication that the changes he has made, principally among senior ministers, are having an impact.

comparison with the same period last year when output was low because of very cold winter which badly disrupted transport. This implies an underlying rate of growth in industrial output of 4.5 per cent. Nevertheless, the figures are significant because they show that sectors which had experienced small or negative rates of growth are beginning to expand. Oil production, which fell 3 per cent in the first three months and appears to have reached a plateau—though at a high cost to investment.

OECD says Dutch need budget deficit cut

By Laura Ryan in Amsterdam

THE NETHERLANDS must cut its government budget deficit further in a bid to foster economic growth and labour market flexibility, according to the annual survey by the Organisation for Economic Co-operation and Development (OECD).

Praise for all at E. German party congress

BY LESLIE COLTIN IN EAST BERLIN

EAST GERMANY'S Communist Party congress ended yesterday with a mandate to continue its policies without the self-criticism and economic reforms advocated by Mr Mikhail Gorbachev, the Soviet leader.

In remarks aimed at conservatives in his own party and those of his allies, Mr Gorbachev said it was sometimes asked whether the Soviet party had not "overdone its self-criticism" and was not in danger of "fostering anti-Communist propaganda." The opposite was the case, he said, quoting Lenin to bolster his views.

Portuguese bank in bond launch

BY DIANA SMITH IN LISBON

PORTUGAL'S LARGEST commercial bank, Banco Portugues do Atlantico (BPA), yesterday became the first public institution to raise fresh capital from the general public 11 years after banks were nationalised by revolutionary decree.

Big drop in number of US tourists

By Paul Betts in Paris

ABOUT 1m fewer American tourists are expected to visit France this year because of the combined impact of the higher US dollar and fears over terrorism, Mr Jean-Jacques Descamps, the new French Secretary of State for Tourism, said yesterday.

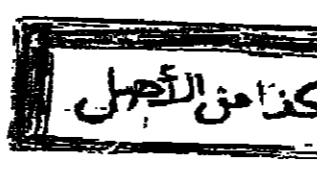
Statement on Waldheim by Austrian President

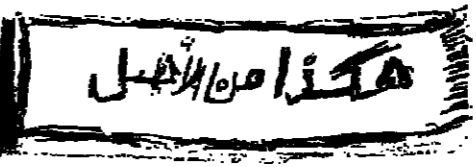
BY PATRICK BLUM IN VIENNA

DR RUDOLF KIRSCHLAGER, the Austrian President, will make a special address to the nation tonight in a bid to calm passions roused by allegations about the past of Dr Kurt Waldheim, the former UN Secretary-General and the leading candidate in Austria's presidential election next month.

Summary Financial Statement as of December 31, 1985. Balance Sheet, Profit and Loss Account. Assets: Liquid Assets, Cash, Balances on Postal Cheque Account, etc. Liabilities: Liabilities to Banks at sight, etc. Revenue: Interest and Commissions, General Expenses, etc.

Portuguese bank in bond launch. Statement on Waldheim by Austrian President. Big drop in number of US tourists. Includes text from Diana Smith in Lisbon, Patrick Blum in Vienna, and Paul Betts in Paris.





AMERICAN NEWS

Cuomo supports proposals for insurance reform

By Terry Dodswoth in New York

GOVERNOR Mario Cuomo, of New York, has thrown his weight behind a series of proposals for alleviating the insurance liability problem in the state, through reforms in both the local regulatory and legal systems. The legislative programme, which will be closely watched because of the importance of New York in the development of state legislation elsewhere, is likely to receive a mixed response. The Governor, a possible future presidential candidate for the Democratic Party, has avoided some of the more extreme proposals for controlling the insurance industry or reforming the tort laws, and has already been attacked by both insurers and lawyers for being soft on the other side. The proposals are notably less hostile to the legal profession than those put forward recently by the central government, which suggested placing a cap on lawyers' fees in liability actions. They would also introduce regulations to control pricing in the insurance sector—a consequence of the Governor's belief that the present disparity in the liability system is due to mistakes by the insurance industry. Among the proposals are: The abandonment of the free market in insurance rates and the establishment of a flexible rating system that would allow insurers to raise and lower rates in a 12-month period within a certain band. The Governor also wants new limitations on policy cancellations and the creation of an office of consumer advocate. All of these steps would answer Democratic Party concerns for protecting the consumer. Support for the creation of insurance pools among municipalities in New York state, but would result in reduced underwriting costs and make insurance more available and affordable for consumers, the Governor said. On tort reform questions, the Governor has rejected the call for limiting court awards for pain and suffering claims to \$250,000 (\$167,000). But he has some sense way to answering pleas to limit awards under joint and several damages rules, which allowed plaintiffs to pick up big settlements from defendants with only partial blame for an accident. Only in certain cases would defendants be held jointly liable, and thus subject to these high damages awards. This reform is expected to help local governments in the liability system to deal with defendants when only marginally at fault, because they are the best able to pay. The proposed reforms, the Governor said, would demonstrate that the state could deal with the liability problem "without restricting the legitimate rights of victims to seek justice in our courts."

Marcos requests asylum in St. Vincent

By Conita James in Kingston

MR JAMES MITCHELL, the Prime Minister of St Vincent in the eastern Caribbean, is seriously considering a proposal of Mr Ferdinand Marcos, the exiled Philippine leader, to move with his family to the island. Mr Mitchell said Mr Marcos had made an "informal" offer of \$65m (\$43m) for asylum. This would help finance building of an international airport on the cash-strapped island of 120,000. Faced with serious domestic political opposition to the idea, Mr Mitchell has set conditions. Besides the deposit of funds into the country's foreign account, the Marcos family would have to live on a leased property on an uninhabited island. The offer was made at a forum part of the St Vincent archipelago. "As a practical man, and given the financial circumstances of these islands, I would give any offer a serious thought... We might be able to accommodate him," he said. Mr Richard Tammis, opposition Labour Party leader, said Mr Mitchell's manner was "cautious". "Our country is far too small to withstand the effects of bringing Mr Marcos and his wife here."

Jane Arraf, Reuter correspondent, says the language of commerce is gaining acceptance

English undergoes a renaissance in Quebec

FRANCOPHONE Quebec is changing and indications of the new mood are as visible here as the sign advertising Moe Wilensky's Light Lunch counter. The sign is actually illegal in Canada's only predominantly French-speaking province. But the provincial government's reluctance to fine owners of such businesses for not using the French name—"comptoir" for lunch counter—is evidence that Quebec is becoming comfortable with its English and French heritage. As the once, fiercely-French province gains confidence that the French language is not in danger of being erased, English for so long the language of commerce, is regaining acceptance. While there are still enclaves of people who speak only French or English, the polarisation of Quebec's two founding cultures seems to be dissolving. "I'm proud to be speaking French but if I want to go out of Quebec, out of Montreal, I need my English," Mr Pierre Cardin, a bilingual 25-year-old lawyer, said. "We have to protect our language, but the rest is a question of politics," he added. "For me, if they want to speak French, I'll speak French; if they want to speak English, I'll speak English. The attitude of many young francophones. Ten years ago, a young professional would probably have been caught up in the battle to keep English off the streets and ensure that Quebec's French-speaking Canadians could work in their own language. Quebec, on the US border, is surrounded by a sea of English. Culture is dominated by US and English Canadian television, movies, magazines and music. The law hit not only at the English but at the numerous bi-lingual signs. The law was enforced by an agency Quebec anglophones dubbed the "language police." Bill 101 turned Vito's corner store into Chez Vito, Randy's bar into Chez Randy and the Notre Dame de Grace Kosher Meat Market into NDG Marche. Recent public opinion polls have indicated that most Quebecers are in favour of bilingual signs. Quebec's new Liberal government has said it will relax parts of the bill and allow bilingual signs once it hears the court's decision. Lise Chicoine of the Commission de Protection de la Langue Francaise said the commission is still enforcing other parts of the bill, such as ensuring products are labelled in French. The PQ, now in opposition, accuses the Liberal Government of allowing Montreal the province's commercial centre, to "lose its French face and character." Quebec's language council has asked the government to set out a clear-cut policy on signs. Schools are another area where evidence of the more relaxed language climate can be seen. Adult French-speakers are enrolling in English classes in record numbers. This semester, 400 students were turned away because of lack of room from English language courses at Laval University. In other universities English is increasingly required. It also removed English from road signs and sought to ensure that French-speaking Montrealers could walk into big department stores and be served in French. Perhaps most importantly, the law defused the separatist fervour which gripped Quebec in the 1970s and led the province to pursue economic goals instead. Last year, Quebec's highest court ruled that the sign section of Bill 101 contravened the provincial constitution, which guarantees the right of expression. The PQ government appealed the decision and the case is still in court. Some francophone parents are lobbying to have English taught to their children starting in the first year of schooling, when anglophone children are required to start learning French, instead of the fourth year. For working Quebecers, head offices of many large companies are in Toronto or the US, and computer software and manuals are often unavailable in French. "In the finance world you've always had to know English if you want to get ahead, that's why most of our people here who are not too familiar with English are taking English lessons, paid for by the Quebec government," Mr Jacques Tremblay, a Quebec government finance department official, said. Mr Tremblay sent his three children to English camps when they were young. "I knew it would be an asset," he said. The combination of English and French gives Montreal much of its vibrancy—people, more often francophone than anglophone, slip easily in and out of both languages. The resurgence of English, however, has some people worried that while French will not be lost, it may be eroded. But, as other French-speaking territories have found, even the most diligent policing would probably not wipe out phrases like "ave bucket seats" or "un hamburger all-dressed."

US farm exports fail to take off

By Nancy Dunne in Washington

US FARM exports are getting cheaper, but the bargain price plus millions of dollars' worth of export enhancement schemes have done little so far to boost sales. At the same time, US food imports are increasing and narrowing the favourable agricultural trade balance which the nation has enjoyed for years. The Reagan Administration gambled last year in pushing through a farm bill which allowed for a dramatic cut in American grain prices "to make the American export competitive again." Prices have tumbled—feed grains, wheat and soybeans are 5 to 15 per cent lower than last season—but the volume of exports has shown little sign of improvement. Between October and February, the value of American farm exports dropped 20 per cent below the previous year to \$12.6bn, the Agriculture Department (USDA) reports. In its last forecast of 1986 sales, the Department predicted exports would fall to \$28bn from \$31bn in 1985, and it said the volume would drop from 125.7m metric tonnes to about 122.5m metric tonnes. Meanwhile, food imports, which have been steadily rising since 1982, are expected to pass 128m tonnes for a new record. The continued export slide may be temporary. The USDA says many importing countries have deferred grain purchases and have been using up domestic stocks while waiting for prices to fall still further. But there are other reasons for falling demand. World supplies are enormous. Combined global stocks of wheat, coarse grains, rice and soybeans are expected to exceed the quantities consumed during 1985-86 by about 20 per cent. The surplus the year before was 16 per cent. The USDA is trying to boost sales through an aggressive four-year \$870m export promotion scheme, which mostly provides assistance for advertising and other market-developing activities. Last week it announced grants for the promotion of walnuts, citrus, raisins and canned fruit industries, all seen as victims of "unfair trade" practices by the EEC. The controversial export enhancement programme which provides millions of dollars in government-owned crops in surpluses is hampering on. Recently, Mr Richard Lyng, Agriculture Secretary, announced that subsidies would be available for the sale of dairy cows to Turkey, Morocco and Egypt, an additional 1m tonnes of non-durum wheat to Algeria, 300,000 tonnes of wheat to Tunisia, and 200,000 tonnes of wheat to Yugoslavia.

Titan crash 'creates Pentagon blindspot'

THE US may be without any functioning photographic spy satellites after last Friday's explosion of a Titan 34-D rocket carrying a secret payload, making the outlook for Pentagon intelligence gathering rather worse than had previously been thought. That is the theory of Mr Anthony Kenden, a UK aerospace expert, who says that the Titan may have been intended to put in orbit a replacement for a previous spy craft that had become faulty. Hitherto, it has been assumed that the Titan launch, the second failure in a row for this vehicle, had been due to a defect in a KH-11 spy satellite manufactured by TRW, to complement one that is already functioning. If Mr Kenden's theory is correct, the US has no space-craft capable of keeping a watch on sensitive parts of the world. Such spy craft are indispensable in monitoring missile bases and the movement of troops in the Soviet Union and the rest of the Eastern bloc. The vehicles play a vital part in monitoring arms agreements. The US has no way, at least for the conceivable future, of safely putting into orbit new spy vehicles. The shuttle fleet which can lift a 14 tonne spy satellite into polar orbits, is out of action following January's explosion of the space shuttle Challenger. Following Friday's incident and an earlier Titan failure in August, when a similar satellite was destroyed in an explosion shortly after the launch, there is also a question mark over the Titan 34-D, manufactured by Martin Marietta Corporation. The Titan 34-D started operation in October 1982 and is the latest in the series of rockets which made their flight debut in 1959. It was built to act as a back-up to the space shuttle and can lift payloads of roughly the same weight as the shuttle. Before the accident in August, seven Titan 34-Ds had lifted off without a hitch. These rockets, together with launching spy craft, are also used to take Defence Department communications satellites into the high geosynchronous orbit 36,000 km above the earth. The shuttle and Titan, the US Air Force has at its disposal a number of other expendable rockets such as the Atlas Centaur and the Delta. But these can lift into orbit payloads of no more than about 3 tonnes, far below the weight of a modern spy satellite.

The explosion of a rocket seconds after lift-off may have deprived the US of a vital spy satellite, reports Peter Marsh

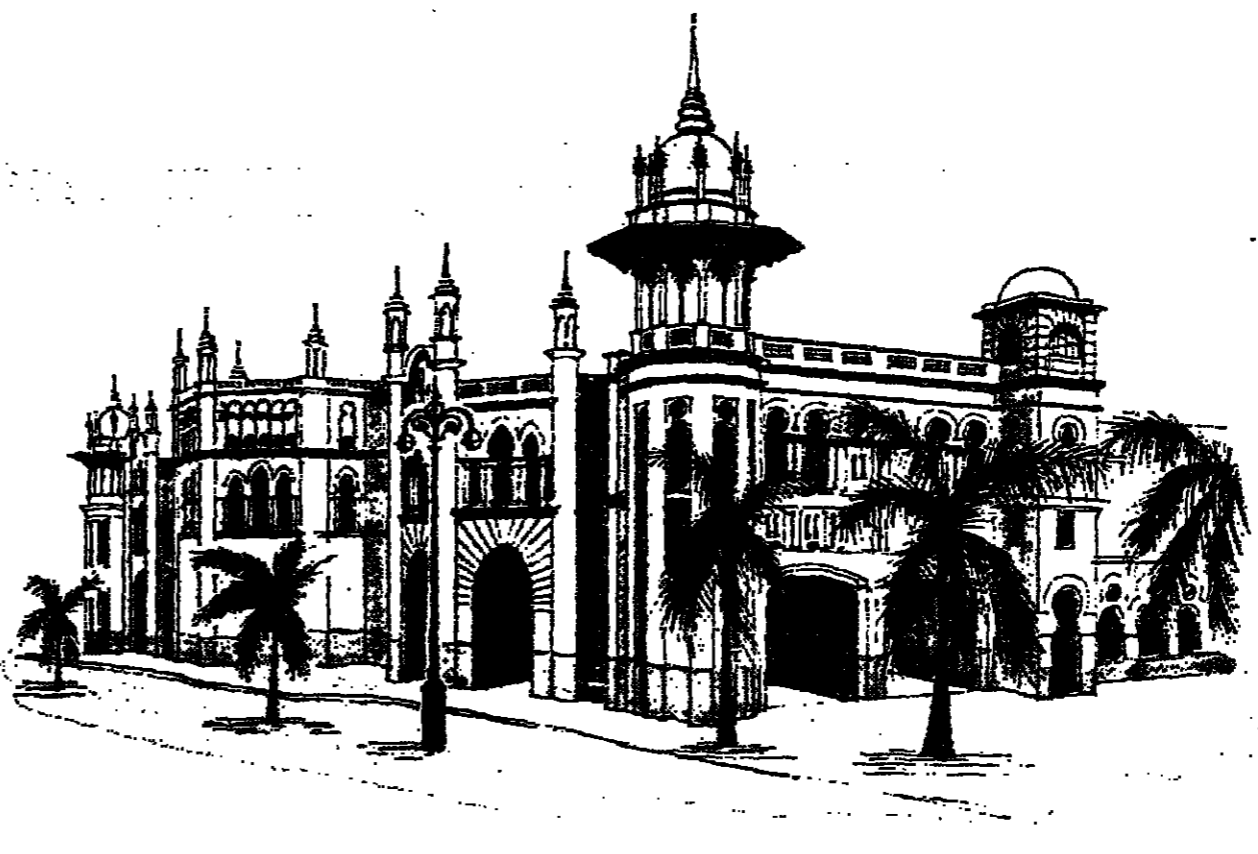
The Pentagon normally likes to keep in orbit at any time two KH-11 craft. The vehicles carry high resolution cameras to take photos of specific spots on the earth's surface, one satellite flying over a certain area in the morning and the other in the afternoon. The KH-11 vehicles can be supplemented periodically by special "demon" satellites to take photos of areas that are particularly interesting in military terms, the Middle East for instance. Kenden bases his reasoning about the inoperability of the current KH-11 craft on the fact that the launch of Friday's Titan, which exploded seconds after lift-off from the Vandenberg Air Force Base in California, took place in the morning. It had been due to place in orbit a KH-11 vehicle which would have zoomed over the same place on the ground at about 11 am local time at periods separated by four to eight days. It seems likely, therefore, that the craft had been due to replace the existing "morning" KH-11 satellite, launched in December 1984, which may have suffered a fault. In contrast, the planned launch in August of the earlier spy satellite had been of an "afternoon" satellite. That had been a direct replacement of another afternoon craft which the US Air Force had routinely switched off a fortnight earlier after a life of three years. The net result is that the US certainly has no afternoon satellites in orbit and its current morning vehicle may be crippled. Mr Kenden is one of a small band of aerospace experts who monitor the launch and operation of spy craft. The Pentagon never comments on which of its spy satellites are in orbit, nor what they do. The Vandenberg Air Force Base would say only that the Titan involved in Friday's mishap was carrying a classified payload. The Air Force has set up a committee to inquire into the accident. The problem may involve the solid-rocket boosters on the Titan.

Reagan 'attempting to link Sandinistas to terrorism'

MR DANIEL ORTEGA, the Nicaraguan president, says the Reagan Administration is looking for a pretext to bomb or invade Nicaragua through a campaign linking the Sandinistas to terrorism. Reuter reports from Nicaragua. "They have launched a campaign to try and make the North American people think that Nicaragua promotes terrorist actions," Mr Ortega told 1,000 agricultural workers at a state coffee plant south of Managua. Washington was circulating reports that the Libyan embassy in Managua was planning to attack US bases in neighbouring Honduras. Mr Ortega said "they (the US) are looking for a pretext to bomb or invade us."

Washington probably would blame Nicaragua's ruling Sandinista National Liberation Front (FSLN) for a bomb attack on the US consulate in the Costa Rican capital of San Jose last Thursday that injured four Costa Ricans. President Reagan, in a campaign to win approval for increased US funds for the so-called Contra rebels fighting the Managua government, has described Nicaragua as a "safe house" and "command post for international terrorism." Mr Ortega warned that US troops on exercises in Honduras would be at risk if they entered into combat in "frontier territories" in support of the Contras.

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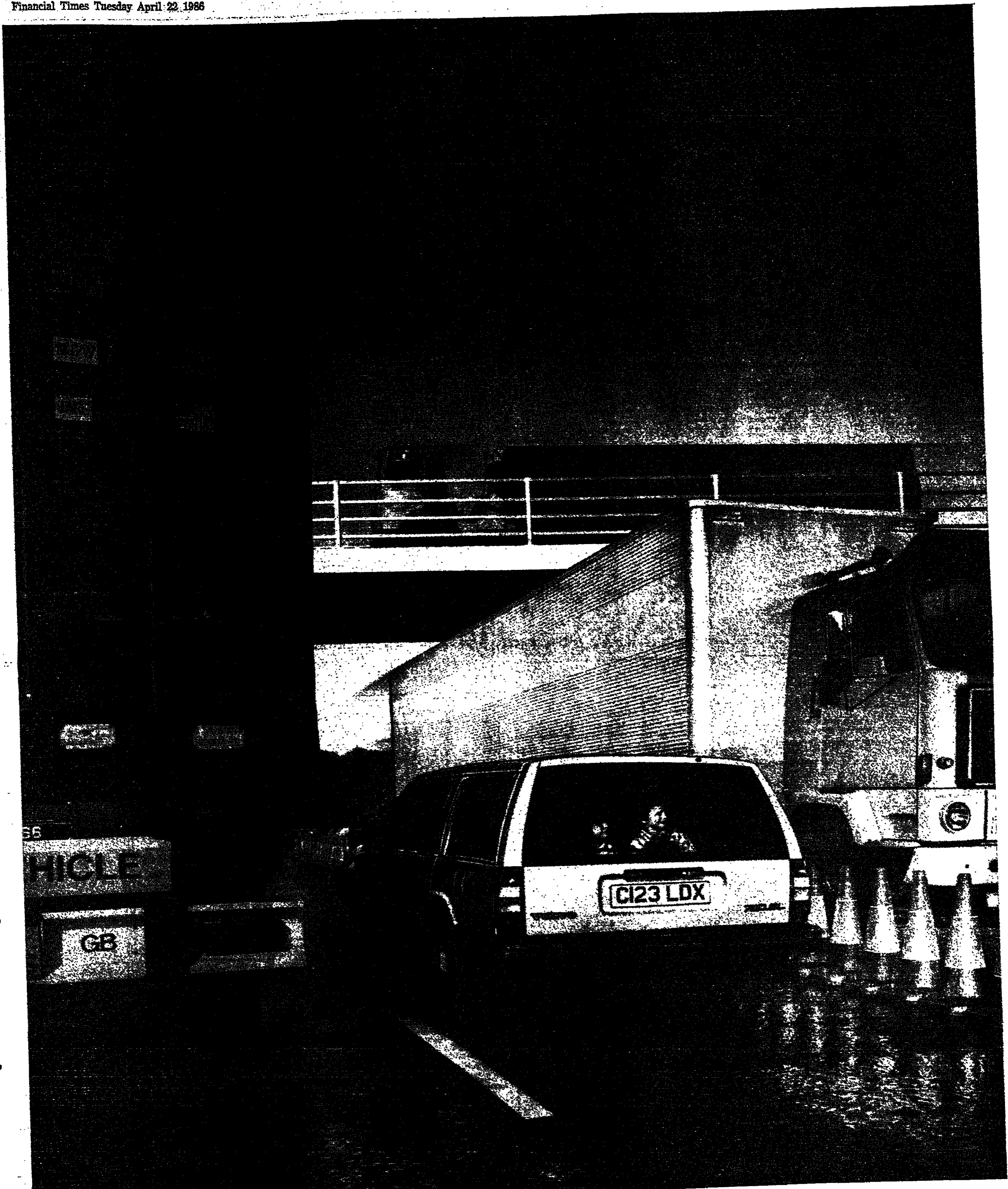
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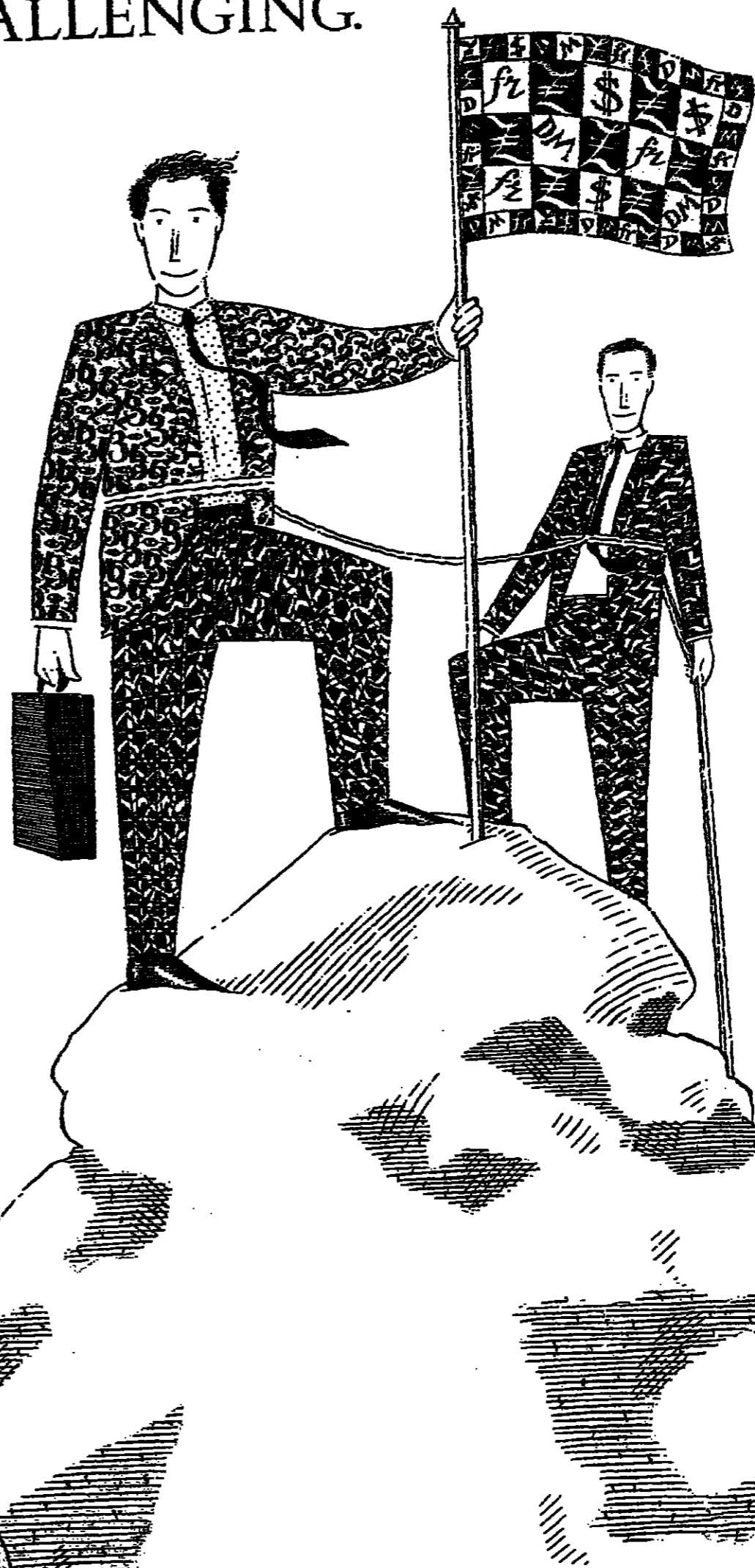
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THE CREATIVE USE OF MONEY.



Reform planned for National Health Service

By Walter Ellis

WIDE-RANGING reforms of the National Health Service aimed at improved levels of care and increased value for money are proposed in a Department of Health and Social Services discussion document published yesterday.

- Among its proposals are:
- The establishment of enforceable standards for doctors in general practice and a fuller advertising of services so that patients can have more choice.
- Compulsory retirement at 70 for doctors and dentists.
- A form of contract placing increased emphasis on the doctors' and dentists' quality of service, with a higher proportion of a doctor's overall payment than the present 45 per cent based on the number of patients on his or her list.
- Additional money for key sectors of the health service, including preventive medicine, with special attention for inner cities.
- Powers for nurses to prescribe basic drugs and take increased responsibility for neighbourhood care.
- A relaxation of the rules governing the supervision of dispensing by pharmacists to take account of the fact that most medicines are now pre-packaged and to allow pharmacists to spend more time giving advice to patients.

Overall, the dominant theme is community care with heightened efficiency. If implemented in full, the proposals, which were published with a report on community nursing, would amount to the biggest shake-up in the state health service since its introduction in 1948.

Mr Norman Fowler, the Social Services Secretary, told the House



Mr Norman Fowler

of Commons that the Government's main objectives were to raise standards of public care and make services more responsive to the needs of the public.

"We want the greatest value for money we can, given what is available," he said later. "The other part is to ensure that the resources are put to the greatest possible use."

Mr Fowler and other ministers will start a process of consultation that should take until the end of the year. This will involve meetings with doctors' and nurses' representatives, consumer groups and other interested parties and should be followed by a White Paper (policy document) and/or legislation.

Opposition parties yesterday gave the discussion document a cautious welcome. The British Medical Association was concerned about the suggested changes in doctors' contracts - with payments to some extent being based on results - but it stressed points of agreement.

Libya not elections factor says Tebbit

By Peter Riddell, Political Editor

MR NORMAN TEBBIT, the Conservative Party chairman, yesterday sought to play down the significance of the US raid on Libya last week as a possible influence on the forthcoming parliamentary elections and on the local government elections, both on May 8.

During a hectic morning of electioneering which started in Matlock west Derbyshire, and ended in Conservative Central Office in London, Mr Tebbit said he doubted if the Libyan affair would be of prime concern to voters.

Later, speaking in London at the launch of the Tories' local election campaign, Mr Tebbit conceded that national issues would be involved in the elections.

Recognising that initial public impact was unfavourable, Mr Tebbit in part blamed the fact that "all the initial pictures on television were of civilian casualties other than damage to military targets because of what Colonel Gaddafi allowed television reporters to see."

Some Tory MPs have tabled a House of Commons motion criticising the BBC for its initial reporting of the impact of the bombing. Senior Tories have been shaken by the evidence of the opposition, not least from traditional Tory supporters, to the Government's decision to allow the US to use bases in Britain for the bombing raid on Libya.

Ministers believe that there were signs over the weekend of local opinion settling down after the initial adverse reaction. They argue that once the background is explained, party supporters would accept that Mrs Margaret Thatcher, the Prime Minister, had no choice but to agree to the US request however much the Cabinet had doubts

INVESTOR BODY REAFFIRMS INSURANCE MARKETING PRINCIPLES

Miboc stands firm on rulebook

By Clive Wolman

THE EMERGING investor protection agencies, set up as part of a new regulatory framework, yesterday brushed aside most of the objections raised by the House of Commons standing committee on the Financial Services Bill to the proposed rules for selling life insurance and unit trusts.

A document published yesterday by the Securities and Investments Board (SIB) and the Marketing of Investments Board Organising Committee (Miboc) re-affirms the original principles of a consultative document it published on December 13 on the marketing of life insurance and unit trusts.

The main changes in the regulatory regime that Miboc has now proposed are as follows:

- Insurance companies will have to disclose in a letter to a new policyholder how much of his premium money he can expect to retrieve if he surrenders his policy prematurely.
- Insurance company salesmen will no longer be allowed to recommend the investment products of other companies. This proposal, which abolishes the status of the "aid agent", is in response to the demands of the backbench Conservative and opposition members of the standing committee that tied agents must disclose the commissions they earn.

Miboc has, however, rejected the basic demands incorporated in two standing committee amendments that all insurance and unit trust brokers and salesmen should disclose how much commission they would earn from recommending a particular policy and, the total charges, expressed as a proportion of premiums, imposed by the insurance company.

The amendments were withdrawn after Mr Michael Howard, the Corporate and Consumer Affairs Minister, said he would ask the Miboc to draw up suitable changes to its proposed business rules.

The Miboc document argues that full disclosure of commissions would confuse the investor as he would not know whether a commission payment was high or low. Instead, it argues that maximum commission rates for each type of product should be established through an industry-wide agreement.

It will, however, seek to devise rules to prevent insurance companies from boosting the sales of more profitable products by paying higher commissions. These may mean the end of the high initial charges imposed by many insurance policies.

Miboc suggests that it is not possible to identify or disclose charges on traditional with or without profits life insurance contracts.

Although this marks a new departure for the stock exchange, Mr Graham Ross Russell, a deputy chairman of the exchange who has been co-ordinating the campaign, pointed out that the building societies, for example, spent more like £70m a year. "It's peanuts compared to what some of our financial services rivals spend," he said.

The campaign starts just before the Financial Services Bill goes into its report stage next week. MPs are to debate issues such as the role and power of self-regulatory bodies such as the stock exchange.

Meanwhile, the Securities and Investments Board, the regulatory agency being created under the new legislation, is proposing rules which could require the stock exchange to open up its markets to outsiders, a move which the exchange is resisting.

Exchange officials fear that public understanding of the stock market is poor. "We need to explain in a more organised and direct manner what exactly the Stock Exchange is about," said Mr Lynton Jones, the director of public affairs.

YESTERDAY'S meeting noted the debilitating impact of the seizure of the union's funds on the ability of branches to function fully and service membership needs.

"We believe the union must be kept intact, survive and have its democracy protected," she said. "At the same time we are not prepared to abandon our dismissed members. The dispute continues and we are keeping our position under constant review."

Exchange seeks to bolster its image

By Barry Staley

ADVERTISEMENTS in daily newspapers today mark the start of the Stock Exchange's unprecedented £2m publicity campaign aimed at projecting its image.

According to the exchange, its targets are "opinion-forming groups in industry and government, academics and professionals involved in business and finance."

About £1.5m will be spent on advertising, and a further £500,000 on public relations, market research and other activities.

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Hurd talks raise hope in prisons dispute

By David Brindle

CHANCES of averting industrial action which has been threatened by prison officers in England, Wales and Northern Ireland rest on the content of the letter being received today by their union from Mr Douglas Hurd, the Home Secretary.

The Prison Officers' Association (POA) hopes the letter will redefine the Government's position on determination of staffing levels in penal establishments so that it satisfies the union's demand for full negotiating rights.

This possibility of a breakthrough in the dispute emerged last night after a 90-minute meeting at the Home Office between Mr Hurd and leaders of the union.

A joint statement issued last night said: "The Home Secretary has met with the POA representatives for an exchange of views on the current situation. Both sides are considering their positions and will keep in close touch. The Home Secretary will be writing to the union as soon as possible."

Mr Phil Hornsby, an assistant secretary of the union, said the letter would deal with "the negotiable aspect" of staffing levels, although it was not known whether Mr Hurd would change the Home Office line that the POA could only expect to be consulted on the numbers of officers required for each task.

Last week, the union announced that a ballot had produced an 81 per cent majority for industrial action on the staffing levels issue. Disruption is due to be called without warning any time before May 7, but it is likely to start quickly if it becomes clear today that the Government's position is unchanged.

Print union postpones decision on contempt

By Helen Hague, Labour Staff

THE EXECUTIVE of the print union Sogat '82 yesterday delayed a decision to move immediately to purge its contempt of court despite the increasing financial stranglehold on the union caused by the sequestration of its assets.

The executive met in special session for five hours. Workers dismissed by Mr Rupert Murdoch's News International lobbied the meeting. They called on the executive to intensify rather than scale down the dispute in which 5,500 printers were dismissed when the company transferred the printing of its four national newspaper titles to its Wapping plant, east London.

Pressure to purge the contempt which arises out of the union's instruction to members in the wholesale trade to "black" distribution of the company's papers - is coming from provincial branches.

The executive retreated from an immediate decision and decided to keep the question of purging the contempt under review. This means in effect that another meeting could be speedily convened to consider future action.

Home loan rates cut by building societies

Security at Heathrow questioned

By Michael Cassell

CONCERN was expressed from both sides of the House of Commons yesterday about the possibility of terrorists being able to smuggle explosive devices aboard aircraft leaving London's Heathrow airport.

Mr Michael Spicer, the Aviation Minister, gave assurances that airlines other than El Al carried out security procedures of the kind which foiled last week's terrorist plot to blow up an Israeli airliner carrying 400 passengers while it was over London. But he failed to satisfy the critics.

Mrs Gwyneth Dunwoody (Labour) claimed that an appalling disaster was only averted because El Al staff carried out a search of hand luggage which revealed a weight discrepancy.

She stressed: "If there are not enough staff or the staff are not equipped with proper help, then surely this will happen again."

Mr Spicer declined to give any detailed account of the security arrangements at Heathrow, but he emphasised that there were a number of factors which led to last week's plot being uncovered.

Double systems of checking had been in operation, he said, and other airlines had similar procedures to El Al and believed that in similar circumstances the explosive planted by the terrorist would have been detected.

Mr Terry Dicks (Conservative) disagreed with the minister. He insisted that security had failed at Heathrow last week and that only El Al's procedures had retrieved the situation. He maintained that commercial viability should not take precedence over passenger safety and security.

PROCEDURES designed to ensure the presentation of accurate documentation when courts in the Irish Republic are asked to make extradition orders in respect of alleged terrorist offences committed in the UK were outlined by Sir Michael Havers, the Attorney-General. He said officials of his department and those in the Department of the Attorney-General for the Irish Republic had met and drawn up a checklist.

SPENDING in retail stores rose to an all-time high in March according to statistics published yesterday by the Department of Trade and Industry.

The department's seasonally adjusted provisional index of sales volume for March rose to 119.4 compared with 117.2 in February (1990=100). In March last year the index stood at 114. The increase came as a surprise to many retailers.

BRITAIN'S leading building societies yesterday announced their second reduction in mortgage rates since last month's budget.

Some of them suggested that a further cut was possible in the next few weeks.

The move followed last week's reduction in bank base rates from 11 per cent to 10.5 per cent and the rapid decision, late on Friday, by the Nationwide Building Society to reduce its mortgage rate by 1 per cent to 11 per cent.

The Halifax, Abbey National, Woolwich and Bristol and West were all quick to follow the Nationwide, announcing an immediate percentage point reduction in the cost of home loans for new borrowers, taking the mortgage rate down to 11 per cent.

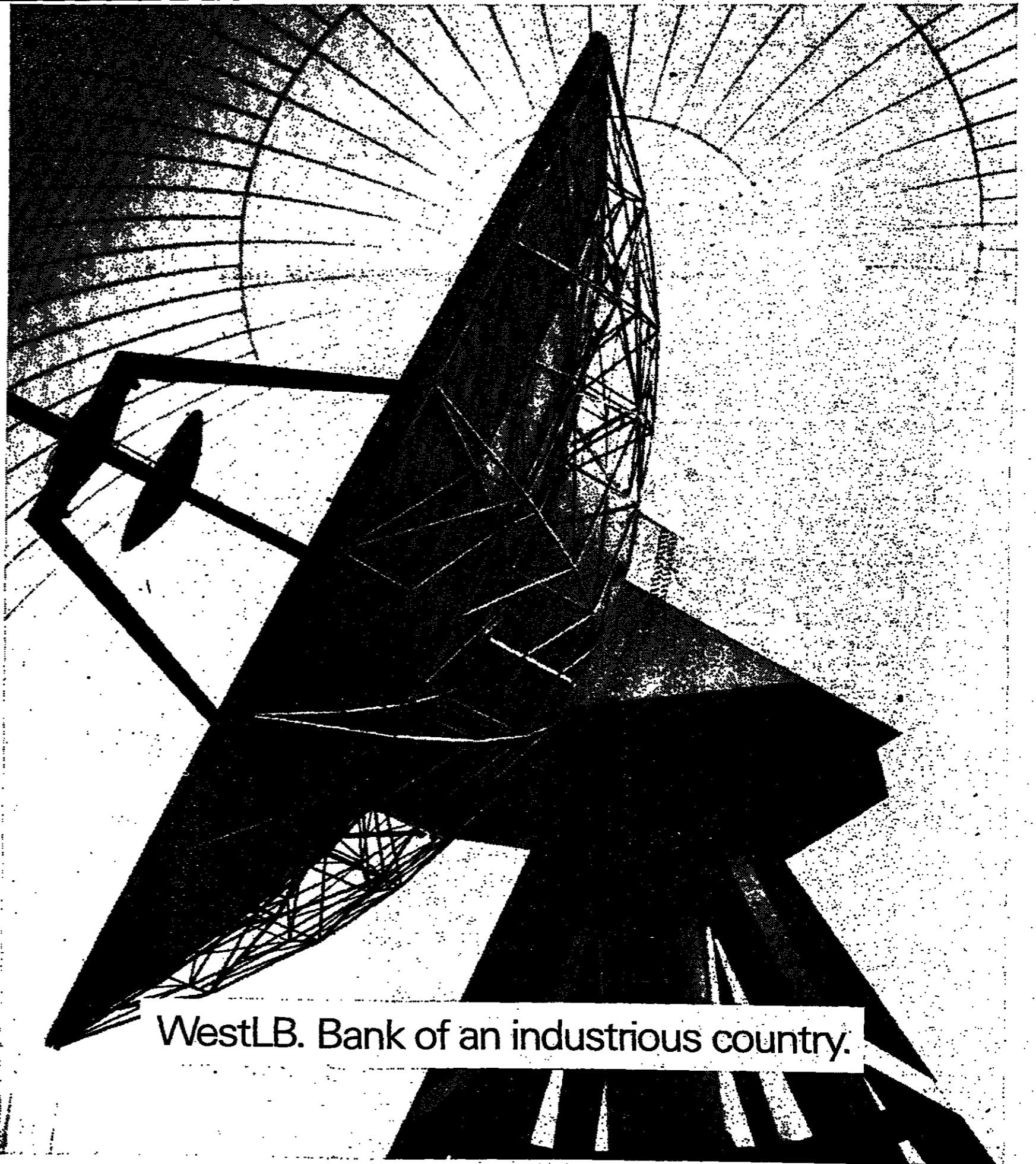
At the beginning of March it stood at 12.75 per cent. The latest reduction will cut by nearly £10 a month the cost of a £20,000 advance.

The societies said that loans for existing borrowers would fall on June 1 and that rates for investors, now ranging between 8 per cent net and around 8.5 per cent net, would be decided within the next week to 10 days.

The delay in fixing investors' rates, and the suggestion that the cost of home loans might yet fall further, reflects the societies' uncertainty about the immediate prospect for competitive interest rates. Several of them said that another fall in bank base rates could encourage them to set even lower rates for investors and borrowers.

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مركزنا العربي

UK NEWS

Leather industry shows highest rate of return

BY PETER RIDDELL, POLITICAL EDITOR

THE LEATHER goods sector has the highest rate of return of 29 industries, according to a Department of Trade and Industry (DTI) survey. The first results of the DTI's analysis of the published accounts of industrial and commercial companies for periods ending in the year to March 31 1985, were disclosed yesterday in a parliamentary written answer from Mr John Butcher, a junior industry minister. Full details will be published early in May. The figures are of ratios of net income to average net assets for large companies - those with capital employed of more than £4.2m. These ratios are one widely used measure of rates of return.

The sector with the highest ratio on this definition for the period concerned was leather and leather goods manufacturing, with a 27.3 per cent ratio of net income to average net assets. This was followed by tobacco and electrical and electronic engineering.

The period was one of strong recovery in profits for most sectors of industry, in view of the growth in the economy, the more competitive exchange rate and a slowdown in

the rate of increase of most costs. Somewhat unexpectedly, textiles is among the sectors with a high relative rate of return at 18.9 per cent, slightly ahead of business services, including leasing. Mr Butcher's answer points out that the ratios are calculated from amounts shown in companies' accounts compiled on the basis of historical costs. They will therefore be higher than equivalent ratios calculated from accounts adjusted for inflation. The difference between historic and current cost rates of return varies. It depends for example on the capital intensity of each industry. Net income is defined in the minister's answer as gross trading profit plus income from investments and other revenue income less interest paid on bank and short-term loans, payments for the hire of plant and machinery, and depreciation provisions. Average net assets are the average in the opening and closing balance sheets and include fixed assets net of depreciation, current assets and investments less current liabilities.

FT/CBI SURVEY OF DISTRIBUTIVE TRADES

Retailers over-optimistic on sales

BY GEORGE GRAHAM

BRITAIN'S RETAILERS and wholesalers are now carrying excessively high stocks because they were too optimistic about sales growth in recent months, according to the latest joint Financial Times/Confederation of British Industry survey of distributive trades. Sales volume in March grew more slowly than in previous months, the survey shows, but retailers and wholesalers expect an improvement in April. The survey follows the announcement by the Department of Trade and Industry that the official index of retail sales had risen by 1.9 per cent in March, compared with a rise of 0.2 per cent the previous month. Christmas and new year sales were disappointing, although still high by comparison with the previous year's.

The whole distribution industry, including wholesalers, retailers and motor traders, found that sales volume did not rise as fast in March as had been expected, but a slight improvement is expected in April. Of the 590 respondents in the survey, 33 per cent recorded sales last month higher than a year ago, compared to 27 with lower sales - a balance of 28 per cent.

The balance of distributors reporting that their sales were good for the time of year fell to 14 per cent the lowest level in the past year. Orders placed with suppliers were also lower than expected, with a balance of 22 per cent to decline further in April.

Retailers also reported slow sales growth. The balance reporting that sales were better than a year earlier fell to 35 per cent, the lowest

since the survey began. A balance of only 12 per cent reported that sales were good for the time of year, perhaps reflecting the cold weather.

Footwear and leather shops and retailers of household textiles and furniture reported sales lower than a year ago and poor for the time of year. Grocers continued to report good increases in sales volumes and appear the most optimistic about sales prospects in April.

Only confectionery, tobacco and newspaper shops expect April's sales to be lower than in 1985. For retailers as a whole a balance of 42 per cent expects increased sales.

Among wholesalers, a balance of 23 per cent, the lowest for a year, reported March sales better than a year ago. A relatively low number

said sales were good for the time of year, while the balance reporting excessive stocks in relation to expected demand rose further.

Durable household goods showed the largest increase in sales in March. Wholesalers of machinery and office equipment, farm machinery, clothing, textiles and footwear reported sales lower than a year ago.

Motor traders' sales volumes slowed down more than expected in March, with the balance reporting sales higher than a year ago dropping to 13 per cent, from 37 per cent in February. For April, a balance of 48 per cent expects sales higher than a year ago.

CBI/FT distributive trades survey. Confederation of British Industry, Centre Point, 105, New Oxford Street, London WC1A 1DU.

Textiles 'leading manufacturing output'

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE BRITISH textile industry is now producing at levels well ahead of the rest of the manufacturing sector and in many cases ahead of competitors in Europe, Mr Harry Leach, president of the British Textile Confederation, said yesterday. Presenting the 1985 annual report and review of 1985-86 he re-

ported output per man had gone up by 5 per cent last year and was now 40 per cent ahead of its level in 1980, "a record well above that of British industry as a whole."

Textiles had been one of the star performers in the British economic scene, he said. "Modern electronically controlled, ultra-high-speed equipment and a greatly improved

working environment are transforming conditions in the industry."

This bright picture of an industry often portrayed as being one of the sunset sectors had come about after a period of enormous change. Since 1978, at the onset of the recession, the industry had lost 200,000 jobs, a loss Mr Leach described as "a human tragedy."

It had also had to face fluctuating exchange rates and imports from low-cost producer countries. Over-valuation of sterling had meant that the industry competed "with one hand tied behind its back," though more recent movements, especially against European currencies, had opened new export and import-substitution opportunities.

Range Rover model launched with Italian diesel engine

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

LAND ROVER, the state-owned BL subsidiary, is using an Italian engine for the first diesel-powered version of the Range Rover, launched today at the Turin motor show.

The new model will play a key part in the company's sales drive on the European continent. It is expected to boost considerably Range Rover sales in markets, such as France, Italy and Spain, where diesel fuel costs are relatively low.

Land Rover and the state-owned VM company, based at Comò, near Bologna, have together spent £5m over the past two years to develop a standard VM unit which they claim is an exceptionally powerful diesel engine. They say it gives the luxury, all-wheel-drive Range Rover an impressive performance both on the road and across country.

VM (Stabilimenti Meccanici VM), part of Italy's IRI state industrial holding group, was chosen by Land Rover after another project, with the Perkins company in the UK, was aborted in 1983.

The joint venture, to develop the V8 Rover engine into a diesel -

called the Iseberg - for use in Land Rovers, Range Rovers and Rover cars as well as for Perkins to sell for industrial purposes, melted away because of reliability and performance problems.

Land Rover claims the VM turbo diesel, a 2.4 litre, four-cylinder, 112hp unit, gives the Range Rover a top speed of 90mph, making it a clear leader in its field, as well as giving impressive economy for a four-wheel-drive vehicle - nearly 35mpg at cruising speed.

The company expects to sell between 2,500 and 3,000 of the Range Rover Turbo D models this year and 5,000 in 1987, with a least half being incremental sales rather than to customers who would have bought other versions of the vehicle.

The addition of the diesel version, following quickly on the launch of Range Rovers with fuel-injected engines and four-speed automatic gearboxes, should lift continental European sales of the Range Rover this year from 5,323 in 1985 to a record 7,000, the company says, "with a further significant increase next year."

Cummins to buy BL offshoot

BY JOHN GRIFFITHS

CUMMINS ENGINE, the US diesel engine group, has agreed in principle to buy Self-Changing Gears (SCG), a subsidiary of state-owned BL's Leyland Vehicles.

The agreement was announced yesterday on the eve of a meeting of the full BL board to consider the merits of bid proposals from four parties for its Land Rover division. Like Self-Changing Gears, Land Rover forms part of Land Rover-Leyland, which embraces all BL's commercial vehicle operations. SCG, which is based near Coventry, designs and manufactures automatic transmission for commercial and military vehicles.

The acquisition is one of a series made by Cummins recently in Europe and the US, as part of a strategy to widen its operations from engine manufacturing to include engine-related products and services.

Break in Atlantic cables disrupts communications

BY WALTER ELLIS

TWO TRANSATLANTIC telephone cables (Tats) linking Britain and the US were accidentally cut last Friday afternoon, creating weekend communications difficulties between the two countries.

It is hoped the cables will be repaired by this weekend. In the meantime lost services have been re-routed via satellite and other cables so no further delays are expected.

It is thought that the accident - which took place near the US coast - was caused by a trawler dragging its anchor across the cable on the seabed. A specialist vessel belonging to the American AT&T telecommunications company began work yesterday to locate the break. Among the casualties of the accident was the Financial Times. Monday morning's US edition of the paper, printed in New Jersey but transmitted by facsimile process from Europe, could not be produced. Copies were flown instead from Frankfurt.

The TAT's transatlantic link from London to New York, vital to the process, is achieved via the Atlantic cable system and it was here that the problem arose.



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With effect from Monday, 21st April, 1986 Co-operative Bank Base Rate changes from 11.00% to 10.50% p.a.

Deposit rates will become:

	GROSS INTEREST	NET INTEREST
7 days notice	6.38%	4.75%
1 months notice	6.69%	5.00%

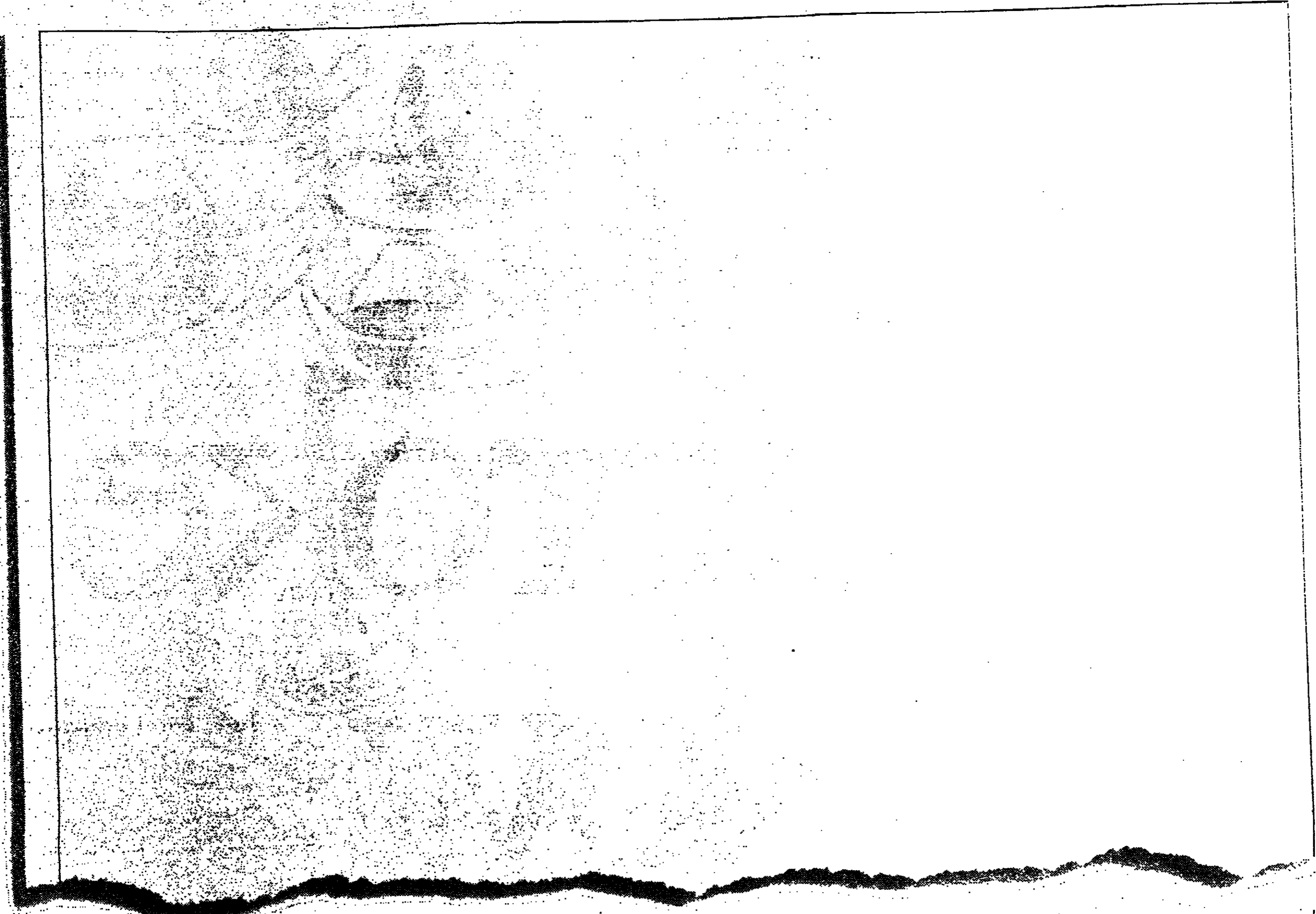
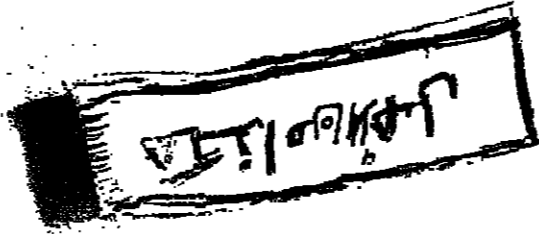
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Bank of Ireland

announces that with effect from close of business on the 22nd April, 1986 its Base Rate for Lending is reduced from 11% to 10 1/2% per annum

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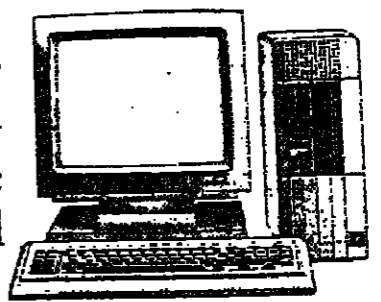
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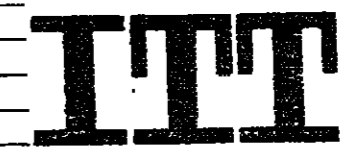
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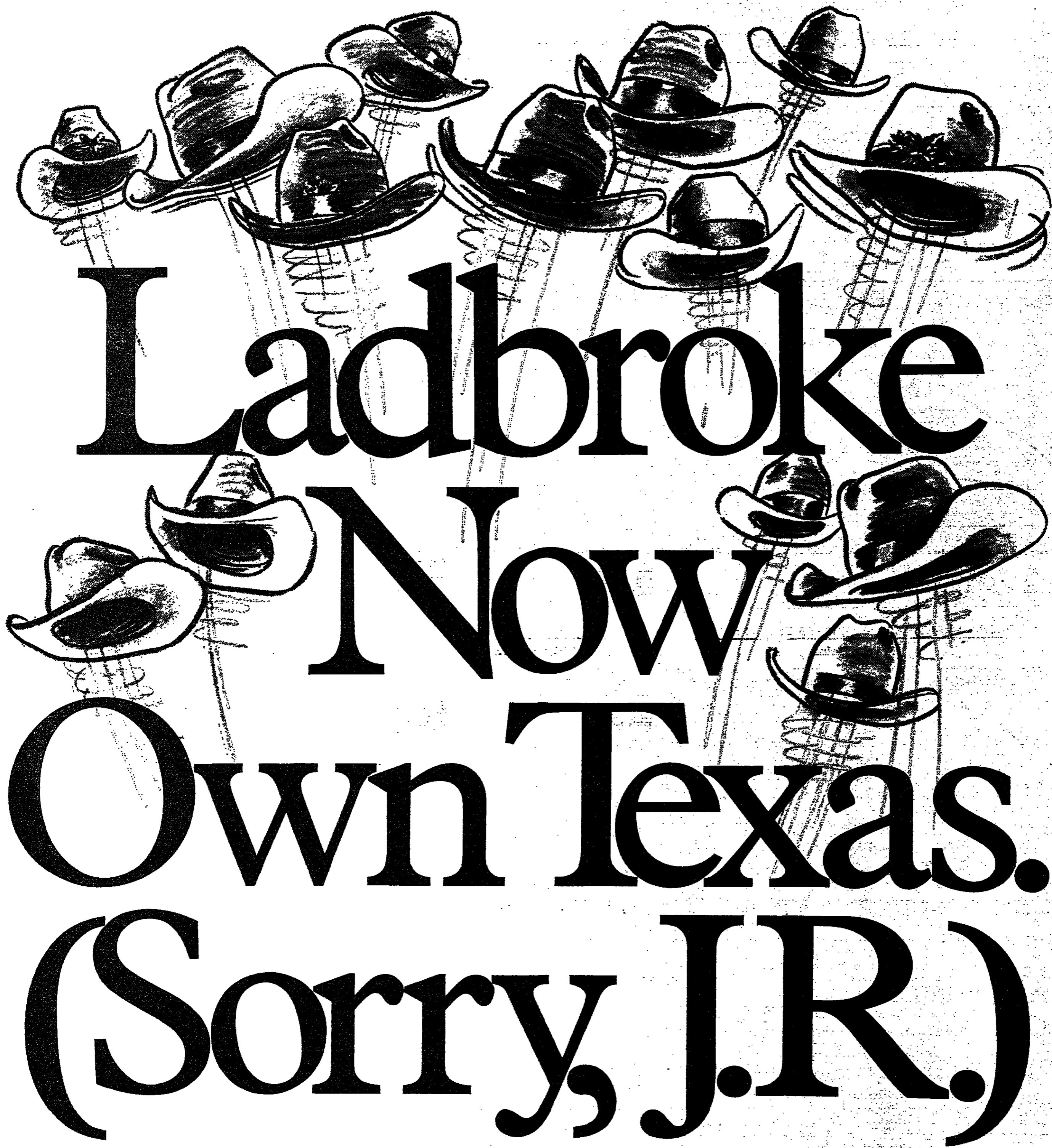
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ITS Title



OFFICE 2000
INFORMATION MANAGEMENT



Ladbroke Now Own Texas. (Sorry, J.R.)

This week, Ladbroke completed its purchase of Home Charm, the giant DIY chain.

Trading under the Texas Homecare brand name, Home Charm has 136 superstores with more than 3½ million square feet of retail selling space.

Texas is already one of the top two DIY chains in Britain and Ladbroke are dramatically stepping up the development plans.

In 1986 we'll be opening 21 new Texas superstores, fifty per cent more than planned.

We'll also be helping Group profits by combining the warehousing and distribution systems of Texas and Laskys.

(If you think it makes sense to sell Laskys products in Texas, you're right. Starting next month they go into 8 test stores.)

With our experience in running national chains (we already manage over 2,500 outlets) we're confident we can make Texas even more successful than it is.

Turnover for the first quarter of 1986 was 30% up on the same period last year, so we're coming in on a high.

DIY retailing is a fast-growing leisure time industry and Texas will become our fourth core business alongside hotels, property and racing.

In 1985, the Ladbroke Group reported record profits of £75 million - 50% up on 1984.

We're confident that 1986 will continue the trend.

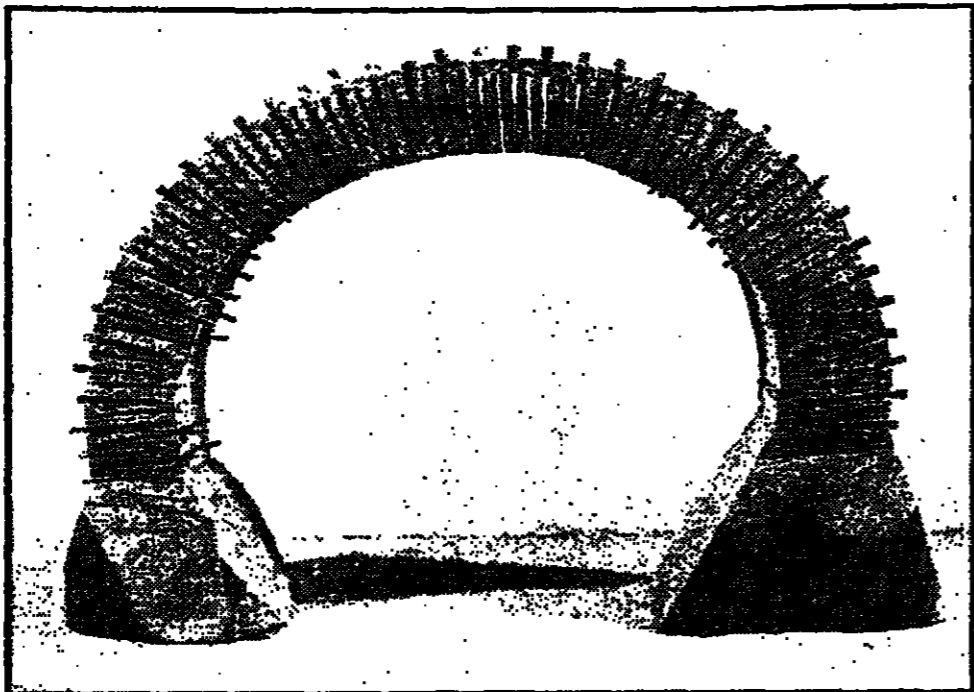
Ladbroke. The Far From Leisurely Leisure Group.

THE ARTS

Galleries/William Packer

In response to raw timber

David Nash, now just turned 40, is one of the most notable and idiosyncratic of his generation...



Elm Spring Arch, one of the works in David Nash's London exhibition

His work has been shown widely at home and abroad but for the most part in official or institutional circumstances...

portable. Vessel, tabernacle, sanctuary, ark: it is an inevitable quality of art...

His invention, in the particular form of each work, is entirely his own, but what he shares with us...

supported, it bends over to form a sound if faintly precarious arch. Branches cut close to the stem...

Social Security/Ethel Barrymore, Broadway

Frank Lipsius

Andrew Bergman builds Social Security, his new comedy at the Ethel Barrymore...

Thomas, knowing her square sister Trudy and husband Martin (A Long Island accountant, what else?)...

There are slow passages: a running gag about the mother-in-law's half eaten boiled sweets gets sticky and the opening 'phone conversation about paintings of nuns on silk is far too slick...

At the end of the act, the sullen parents reveal their plan to rescue Sarah - bring the mother-in-law to stay with the Khams. The curtain falls as the Gorgon head drags herself into the flat supported on a clanging walking frame...

Pritchard/Festival Hall

Richard Fairman

No apologies should be necessary for Rossini's choral music. The time when critical ears could only hear rollicking good tunes and run-tum rhythms...

his BBC forces indulged to the full. Echoes of the opera house were far away. Pritchard's performance was gracious and measured, finding musical depth in every corner...

Sainsbury fund sponsors Fidelio

The Royal Opera's new production of Fidelio will be the first to benefit from the Jean Sainsbury Royal Opera House Fund since her donation last autumn of film to the Royal Opera House...

Cats/Operettenhaus, Hamburg

Michael Coveney

The Cats handbag rolls on. Andrew Lloyd Webber and his London coterie flew into Hamburg on Friday afternoon to be met by film crews, a civic reception, champagne and ice-cream...

Taylor's production throbs with a sense of feline and sexual exhalation and reactivates the key dramatic invention to bind the 'Elton' poems...

A high proportion of the Hamburg audience will be coming from outside the city. The Deutsche Bundesbahn is selling tickets for the show throughout West Germany...

Horowitz/BBC 2, Radio 3

Andrew Clements

Vladimir Horowitz's return to the country of his birth 60 years after he left to settle in the USA has been the most spectacular result of the cultural agreement signed at the Gorbachev-Reagan summit last November...

to his personal canon is, often taken to indicate a latter-day classical purity in Horowitz's playing, but neither Mozart's C minor sonata, K. 330, nor Schubert's B flat Impromptu provided convincing evidence of that...

the ability to manufacture an intensely dramatic scheme within the confines of the G sharp minor, while Skryabin's D sharp minor Prelude from Op. 8 exploded into such concentrated violence that it scarcely seemed contained by its formal structure...

LSO/Barbican Hall

Paul Driver

Sir Charles Mackerras's remarkable powers of memory were demonstrated on Sunday night in a concert he conducted with the London Symphony Orchestra and Julian Lloyd Webber at the Barbican Hall...

ago the entire three-movement work in provisional form. Then another solo cello part turned up, this one with indications of the orchestral bass-lines...

it does curiously anticipate the work of Eric Coates. The act of reclamation cannot therefore be said to have had much musical or other importance...

Arts Guide

Opera and Ballet

- PARIS: La Cenerentola. Donato Benetti conducts the London Sinfonietta opera orchestra. TMF-Châtelet (4233 4444).
ITALY: Rome: A new and elaborate production of Massenet's Herodias directed by Antonio Calenda...

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

NOTICE OF REDEMPTION To Holders of U.S. \$100,000,000 GMAC Overseas Finance Corporation, N.V. 15% Notes due May 15, 1987

Notice is hereby given that pursuant to paragraph 8 of the Notes and Section 4 of the Fiscal and Paying Agency Agreement dated as of May 15, 1982 between GMAC Overseas Finance Corporation, N.V. (the Company) and Citibank, N.A., Fiscal and Paying Agent...

JCB & LAND ROVER THE IDEAL MATCH

South Bank prospect

The South Bank Centre, which took over control of the Thames-side arts complex from the GLC on April 1, yesterday listed its skirts a little and revealed its grand plans for the future...

As well as going for 'themes', rather than the old diet of one-off concerts by the four major London orchestras, the South Bank also intends to develop the Queen Elizabeth Hall into a second stage for British and foreign opera companies...

And just as the artistic diet on the South Bank should change over the next few years, work of the place can expect even faster transformation. Work has already begun on planting more flowers and shrubs, brightening up the concrete facades with banners and lighting the trees on the embankment...



J. J. J. J. J.

Letters to the Editor

Arguments against the UK joining the EMS

From Mr P. Robson.

Sir,—In your Editorial of April 18 you again urge full UK participation in the European Monetary System.

April 1 no recognition at all was given to the arguments against entry at present put forward in my article which you published on January 8.

Nicholas Colchester (April 8) sought to dismiss that argument but backed up a number of points which the fact remains that sterling is one of only five major international investment currencies that are currently floating freely against each other (in practice via the US dollar) and to put any two of these currencies inside a fixed exchange rate structure would invite the generation of enormous speculative pressures resulting in considerable disruption to individual economic policies and performance.

man levels within the next two years I might be persuaded that the inevitable disruption could be justified, but I suspect that the very same factors that have urged entry would be the first to clamour for a devaluation of sterling once pressures commenced, regardless of the inflationary consequences which would rapidly make an illusion of any theoretical improvement in competitiveness.

Profit sharing and added value

From Mr D. Gorman

Sir,—Mr J. Morrell (April 17) suggested that the Chancellor's proposals for encouraging profit-sharing are aiming at the wrong target, and that the Chancellor should be aiming at increased added value instead.

schemes are undesirable; they are often highly desirable. But they do not give the direct relationship between pay and ability to pay which is needed to help employers retain employees when a reduction in employment costs is necessitated by factors other than production (eg. interest rates, exchange rates, temporarily reduced product-demand resulting from national or international economic circumstances) which is needed to persuade employers to take on extra employees when faced with the possibility of such a situation developing in the future.



Beware of improvements

From Mr G. Leslie

Sir,—Six years ago I designed and built my house with energy conservation high on my list of requirements.

value added 2 1/2 per cent. Particularly nonsensical is this 2 1/2 per cent extra I pay to the water and sewage boards for using a shower instead of a bath.

Undebated legislation

From Mr F. Bleasdale

Sir,—After 500 pages of new legislation in the Finance Act of 1984 and 1985 Charles Beattie (April 18) is right to complain about the inordinate length of this year's 200 page Finance Bill.

Permitted ways of achieving this objective include suspension or reduction of the employer's and employee's contributions for a prescribed period and in such other ways as may be prescribed.

The profitable future of steel

From Mr A. Montgomery

Sir,—I hope the Government will consider the ideas put up by Dr Kay on April 16.

home market to foreign suppliers. When steel mills could no longer operate independently customers (renamed consumers under central control) lost their right to choose their orders where they could get the best quality, delivery and service and protect themselves against labour disruptions.

Tax law records contest

From Mr T. Edwards

Sir,—Referring to Mr Beattie's letter (April 16), which complained that the increase in tax law since 1978 has both created and benefited an "empire" of civil servants, I suggest that he looks more closely at the facts.

and an increased demand for their services, the latter simply work harder for no real increase in salary.

Complaints to Telecom

From Mr A. Dalgleish

Sir,—You report an increase in complaints concerning telecommunications services after privatisation (April 18). Could

this not be because, under State ownership, people knew that it was useless to complain? Angus Dalgleish, Shouster Hill, Ruxbury Road, Chertsey, Surrey.

The doctrine of eclectic pragmatism

From Mr R. Bootle

Sir,—In advance of last Wednesday's speech by the Chancellor at the Lombard Association, Tim Congdon warned (April 16) of the dangers of ignoring EMS. In the event the Chancellor wisely paid only lip-service and reiterated the doctrine of eclectic pragmatism as the basis for monetary policy. If Mr Congdon is right we could be in for some dire consequences. Fortunately, he is not.

year or 18 months down the line.

Treasury) think that the UK economy will grow at about 3 per cent this year, but with a tendency for growth to decelerate next year. Recent statistics on industrial production and unemployment have served, if anything, to increase doubts about the economy's strength.

Mr Congdon suggests that the Chancellor should concede some ground to EMS, implying presumably a tighter monetary policy, which can only mean higher interest rates.

Mr Congdon rests his case for the continuing relevance of EMS on the combination of a take-over boom and the 20 per cent rise in share prices in the first quarter of this year, which he associates with the recent misbehaviour (i.e. rapid growth) of EMS. This higher inflation in terms of asset prices, he says, could be the precursor of higher inflation in terms of goods and services, another

Whatever its sources, the stock market boom shows no sign of spilling over into boom conditions in the real economy. Most forecasters (including the

The exchange rate is crucial to this judgment, but it will be affected by a host of factors including relative interest rates, oil prices, trade performance, political factors, and confidence. That is precisely why the authorities are right to focus on sterling directly, rather than EMS, as a guide to interest rate policy.

It took long enough to wean the authorities away from EMS. More recently they have been trying to discourage its lingering adherents in the City. It would be unfortunate if a few recidivists tried to breathe new life into the beast, just as it looked as though it was finally being laid to rest.

King Juan Carlos visits Britain

The Spanish jigsaw fits

By David White in Madrid

THE FROG that turns into a prince in the children's story has its modern political equivalent in King Juan Carlos of Spain, who arrives on a state visit to the UK today.

The King of the British will see in the figurehead of a stable parliamentary democracy, secure after 10 years on the throne. A fear of imagination is required to picture him as he appeared while General Franco was still alive: a figure surrounded by uncertainty, conspiracy and even ridicule.

Tomorrow King Juan Carlos will do something no foreign monarch has ever been asked to do when he addresses the two Houses of Parliament (only three foreign presidents have had this opportunity).

There are three good reasons for this. The first is to help Anglo-Spanish relations, in spite of the Gibraltar problem, on a level benefiting two EEC and Nato partners. The second is to recognise that Juan Carlos is someone who did not just inherit a kingdom but played a considerable role in bringing it into the community of democratic nations.

The last time a Spanish head of state came on an official mission — Juan Carlos's grandfather, King Alfonso XIII — was in 1905, since when Spain has had two dictatorships, a republic and a civil war.

way to Anglo-Spanish talks on Gibraltar — he could hardly have been received with military honours while Spain maintained a blockade of the Gibraltar frontier — and was made urgent by Spain's accession to the EEC in January. The king is known to appreciate Britain's efforts to stage the trip at the earliest practical date.

The aim is that it should symbolise a new phase in relations just as his visit to France last year symbolised a new era in Spain's often prickly relations with that country.

The Gibraltar question will be discussed by the Foreign Ministers of Britain and Spain during the visit. Britain has played down the recent storm-in-a-teacup about the movements of Spain's aircraft carrier near the rock. But progress on delicate aspects such as the use of the colony's airport has been slow.

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He even lacked the formal blessing of his father Don Juan, who only later ceded his rights to the throne.



At 48, Juan Carlos these days takes more of a backseat position akin to that of other constitutional sovereigns. But he plays a behind-the-scenes role in foreign relations, and Spaniards know they can call on his intervention if necessary.

His appeal is a mix of two main facets: on the one hand, a break from the old regime and a behind-the-scenes role in foreign relations, and Spaniards know they can call on his intervention if necessary.

In many ways Spain is a less monarchical country than Britain. The Government is not "his majesty's," nor is justice administered in the name of the Crown. The King is entitled to preside at Cabinet meetings when the Prime Minister asks him, and does so occasionally.

The third main aspect of the visit, and the one that will provide much of the flavour, is the family reunion. The King and Queen of Spain, Queen Elizabeth and Prince Philip are all descended from Queen Victoria. Both Juan Carlos and Queen Sophia, the sister of ex-King Constantine of Greece, have been frequent private visitors to Britain. He went there with his grandmother in 1947, when he was a schoolboy in Switzerland and had not yet set foot for the first time in Spain.

On both political and personal grounds, this UK state visit is overdue. But by repairing one omission, it makes another omission even more glaring. It is an extraordinary thing, but no British Prime Minister in office has ever been to Spain.

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FINANCIAL TIMES

Tuesday April 22 1986

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Carbide sells \$800m of assets to First Boston

BY TERRY DODSWORTH IN NEW YORK

UNION CARBIDE, the US chemicals group which launched a divestment programme to avoid a hostile takeover bid earlier this year, is to distribute a special dividend of approximately \$33.20 following the sale of virtually all of its assets in consumer products.

There was no indication yesterday what First Boston intended to do with the home and automotive products businesses, which include well-known product trade names such as Prestone antifreeze and S-Monzie waxes. But the deal is virtually sealed, since it is not subject to financing and is due to be completed on June 30.

Carbide had been building up its automotive divisions as part of a diversification programme intended to make it less dependent on basic chemicals. After developing its antifreeze and automotive radiator businesses in the 1970s, it moved into Glad plastic bags and wraps in the 1980s, and added a number of

car products in the 1970s and 80s.

Its decision to sell these businesses broke up the diversification strategy, but thwarted the takeover attempt by Gen. because of the promise of substantial shareholder gains through the special dividend. Mr Warren Anderson, chairman, said that the sale was consistent with objective of realising maximum value for stockholders and rightsholders.

Sears Roebuck income declines 12.5 per cent

BY WILLIAM HALL IN NEW YORK

SEARS ROEBUCK, the US retailing and financial services conglomerate which has experienced static earnings for the last two years, yesterday reported a 12.5 per cent drop in first-quarter net income to \$195.2m or 52 cents a share.

The group said that first-quarter net income had benefited by \$24m in reduced pension expense, principally in Sears' merchandise group. On Wall Street, the company's shares fell by 1 1/4 to \$46 in early trading yesterday.

Despite the disappointing first quarter, Mr Edward Brennan, who took over as chief executive of Sears at the start of the year, said that 1986 would be a good year for consumers and Sears. "Consumer confidence remains at a high level and should be reinforced by a stronger economy as the year progresses. Housing starts and sales of existing homes are being stimu-

Northern Telecom earnings fall 18%

By Bernard Simon in Toronto

NORTHERN TELECOM, the Canadian telecommunications equipment maker, suffered an 18 per cent decline in first-quarter earnings, with net income falling to US\$50.1m, or 37 cents a common share, from \$61.1m, or 48 cents, a year earlier.

The setback had been expected by the company and was due mainly to lower sales in the US and higher margins on its DMS digital office switches. Norzel said that prices for switching systems had fallen, its order backlog had shrunk and installation and service costs had increased.

Total first-quarter revenues slipped fractionally to \$970m, but sales in the US dropped by almost 1 per cent to \$629m. Offshore sales slipped by more than 20 per cent to \$64m.

Saab sales and profit rise 7% in quarter

By Kevin Done in Stockholm

SAAB-SCANIA, the Swedish automobile and aerospace group, increased group turnover and profits by about 7 per cent in the first three months of the year.

Mellon Bank gains sharply in quarter

BY PAUL TAYLOR IN NEW YORK

MELLON BANK, the Pittsburgh-based group, yesterday reported a 40 per cent increase in first-quarter net earnings. Mellon is one of the last leading US banking groups to report its quarterly earnings, most of which have shown double-figure gains.

The group, the 11th largest in the US in terms of year-end assets, said net earnings had increased to \$60.4m, or \$2.13 a share, from \$41.5m, or \$1.46, in the year-ago period.

Swiss group buys control of Minerva

By John Wicks in Zurich

ZURICH INSURANCE has acquired a majority interest in Minerva, a group of Italian insurance companies headed by the Rome holding and reinsurance firm, Italo-Americana di Assicurazioni e Riassicurazioni.

The transaction, no price for which was disclosed, will strengthen the Swiss concern's existing position in Italy, where gross premiums amounted to the equivalent of Sfr 245.2m (\$136.2m) in 1984.

Thomson-CSF ahead of forecast

By Paul Betts in Paris

THOMSON-CSF, the large defence and electronics company 51 per cent owned by the nationalised French Thomson group, reported higher than expected net consolidated earnings of FFr 960m (\$137m) for 1985 compared with profits of FFr 302m the year before.

Armco special charge pushes loss to \$62.9m

BY TERRY DODSWORTH IN NEW YORK

ARMCO, the beleaguered US steel group, deepened its losses in the first quarter of this year due to a \$40m special charge for rationalisation and investments.

After accounting for the provision, net losses amounted to \$62.9m, or 95 cents a share, against a loss of \$22.5m, or 36 cents, in the same period of last year. The latest figures also included a \$12.6m gain from the sale of the group's aerospace and strategic materials operations. Sales slipped to \$819.1m from \$919.5m in 1985.

Sulzer set to step up investment

By Our Zurich Correspondent

SULZER, the Swiss engineering concern which returned to profit last year, expected a rise in earnings for 1986. Mr Pierre Borgeaud, group management chairman, said this would result from a slight improvement in capacity use.

Amoco net falls 30% in wake of oil price drop

BY WILLIAM HALL IN NEW YORK

AMOCO, the big Chicago oil company, reported a 30 per cent drop in first-quarter net income to \$55.1m, or \$1.28 a share, giving the first indication of the impact of lower world oil prices on the earnings of the big oil companies.

L'Oréal plans to pay higher dividend

By Paul Betts in Paris

L'OREAL, the French hair and beauty products group, yesterday reported a 6.3 per cent increase in net earnings to FFr 775m (\$108m) compared with profits of FFr 729m the year before.

Control Data loss \$21.2m in quarter

BY PAUL TAYLOR IN NEW YORK

CONTROL DATA, the beleaguered US mainframe computer, computer peripherals and financial services group, yesterday reported a wider first-quarter net loss, reflecting the continuing problems of its computer business.

Setback for Schlumberger

By Our Financial Staff

SCHLUMBERGER, the big US oilfield services group, reported a further fall in net profits with earnings more than halved in the first quarter from \$303.5m, or \$1.10 a share, to \$148.2m, or 51 cents.

SmithKline hit by drug tampering costs

BY OUR NEW YORK STAFF

SMITHKLINE BECKMAN, the US pharmaceutical group, yesterday reported a 12 per cent drop in first-quarter net income to \$118.9m, or \$1.51 a share, after taking a \$24.9m after-tax charge to cover the costs of an early retirement programme and the withdrawal of three of the group's products after tampering incidents.

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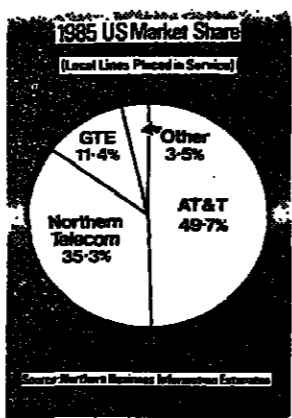
INTERNATIONAL COMPANIES and FINANCE

Jane Rippeteau examines the switching problems facing US telephone companies

GTE's planned link with Siemens worries customers

GTE, the US telecommunication company, may be in danger of alienating customers for its flagship product in the booming but highly competitive \$5.4bn US market for public telephone exchange equipment.

competition in product design and prices. According to Mr Hubler, Mountain Bell has asked GTE to explain its intentions regarding the switch.



of dollars invested in the GTE product. "People are going to get annoyed. They committed themselves to this product and expected to be supported for 10 to 15 years," says Mr Ken Poval, network and product planning executive at Plessey Telecommunications Group.

ing or decreasing. "We've made no determination to phase it out," says the company. Some 4.1m lines were in service at year-end, with another 2.3m shipped and new orders being taken.

daunting task of developing optical exchanges that switch telephone line traffic by light rather than electronics. It is just such high development costs that GTE is hoping to share through its joint venture with Siemens.

US QUARTERLIES

Table with multiple columns listing financial data for various US companies like ANDAHL, AMERICAN ELECTRIC POWER, APOLLO COMPUTER, etc., comparing 1986 and 1985 figures.

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EXPORT DEVELOPMENT CORPORATION advertisement for U.S. \$100,000,000 12% Notes due November 1, 1989.

NOTICE OF RATE OF INTEREST CREDIT FONCIER DE FRANCE advertisement for US\$75,000,000 Guaranteed Floating Rate Notes due 1988.

BASE-LENDING RATES table listing interest rates for various banks and financial institutions.

INTL. COMPANIES and FINANCE

Oil price likely to hit OMV

By Patrick Blum in Vienna
OMV, Austria's state-owned oil and gas group, is expecting sharply reduced profits for 1985 and 1986 because of the fall in oil prices. Dr Herbert Kaes, group chairman, said provisional figures for 1985 showed profits before tax and allocations to provisions had fallen by more than 40 per cent from Sch 1.78bn (\$1.1bn) in 1984 to about Sch 1.1bn in 1985 on an increased turnover of Sch 62bn.

Dr Kaes blamed the rapid fall of oil prices since the autumn for the lower profits. He predicted that the group's turnover would fall sharply in 1986 but that it would still report positive results at the end of the year because of savings of about Sch 1.5bn resulting from a reduction of exploration activity in Austria and from rationalisation measures. OMV is planning to buy 4.8m tonnes of crude oil this year, of which about 1m tonnes will be bought from the Soviet Union, Austria's largest source of crude oil, 500,000 tonnes from Mexico and 300,000 tonnes from Venezuela.

This is a sharp increase in purchases outside the Arab states. No figures were given for purchases from Libya.

Gypsum board accepts new buy-out offer

By Our Financial Staff
THE BATTLE for control of National Gypsum, the second largest US plasterboard producer, appears to be drawing to a close following the board's acceptance of a revised proposal from a management buy-out group.

The group is offering \$46 in cash and \$44 face amount of debentures for each of National Gypsum's shares, against a \$84 cash bid from Wickes Companies, the US building materials retailer. National Gypsum has entered a definitive merger agreement under which it will become a wholly owned subsidiary of a holding company formed by the acquiring group. A special meeting of shareholders will vote on the deal on Friday.

Norwegian aluminium groups plan merger

BY FAY GJESTER IN OSLO

NORSK HYDRO, the Norwegian energy and industrial group, seems set to merge its aluminium division with Norway's state aluminium concern, ASV, to create one of the two largest groups in Europe and one of the six or seven largest in the world.

A merger scheme is due to be put before the cabinet on Thursday. If endorsed by the Government, it can expect almost unanimous support in the Storting (parliament). Several earlier merger attempts - all backed by the governments of the day - have failed. Despite the state controlling share in Norsk Hydro, and its 100 per cent ownership of ASV, no minister of industry has been willing to enforce a marriage between unwilling partners.

This time a formula appears to have been found which is acceptable to both management and labour in both concerns. It involves

the creation of a new company, incorporating ASV and all Norsk Hydro's aluminium activities, in which Hydro would have a controlling stake.

The exact amount of Hydro's initial stake is understood still to be under discussion, but the proposals now being considered would allow it to increase its majority share to at least 90.10 per cent, after a given number of years, so that it could consolidate the new company in its accounts.

ASV employees were previously unwilling to see Hydro secure such a large share of the merged company. Since then, however, it has become apparent that the alternative to a merger with Hydro would be some kind of link between ASV and a foreign aluminium group - Germany's VAW was thought to be a candidate. The ASV workers have now decided they prefer a Norwegian partner.

FN Herstal counts cost of strike

By Paul Cheeswright in Brussels
FABRIQUE NATIONALE HERSTAL, the Belgian arms and aeronautics manufacturer, has reported net profit for last year of just BFr 6.8m (\$149,000).

But the group as a whole, with plants in the US and Europe and covering activities from sporting goods to industrial services, lost BFr 4.8m on a consolidated turnover of BFr 33.9bn.

For this year, FN has been predicting turnover for the parent at BFr 24.8bn, just 2.2 per cent higher than last year, but it disclosed yesterday that a prolonged strike at the plants near Liège has already put the company BFr 2.3bn behind targets.

FN said it was taking measures to make up the lost ground and found it difficult to calculate the likely effect of the strike on this year's figures.

Swiss Bank makes good progress

BY JOHN WICKS IN ZURICH

SWISS BANK Corporation of Basle reported good progress in virtually all sectors for the first quarter of this year with earnings above those for the corresponding period of 1985.

The bank, which expected the favourable trend of business to continue, said commission income showed a particularly strong growth due to high trading volumes on the stock exchange and active underwriting business.

Revenue from securities and foreign exchange dealing also rose further while increased business vol-

umes led to improved net interest earnings.

The balance sheet total expanded by 1 per cent to SFr 139.2bn (\$71.7bn) in the quarter with smaller foreign lending activities resulting in a 1.3 per cent drop in advances to customers. Customer deposits declined by 1.2 per cent because of the weaker dollar.

The overall growth in the balance sheet was due to greater inter-bank business, with the due-to-banks total up 9.7 per cent and the due-from-banks sum up 4.6 per cent.

Leu, the Zurich bank which is the smallest of Switzerland's Big

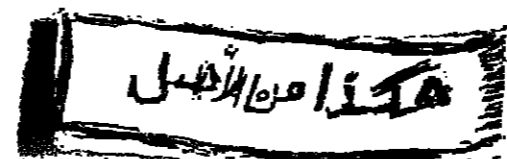
Five, reported a "very gratifying operating result" with gross profits for the first quarter substantially more than those for the same period last year.

A considerable increase in operating costs had been more than made up for by improved interest income and by a rise in commission earnings resulting from good securities business.

The Leu balance sheet total rose 2.9 per cent to SFr 13.33bn, due primarily to increased customer deposits and by loans and advances to customers.

North American quarterly results

AMERICAN BRANDS Tobacco products, office supplies, etc.		COMBUSTION ENGINEERING Industrial equipment		S. F. GOODRICH Tyres, chemicals & industrial products		
1985	1984	1985	1984	1985	1984	
Revenue	2,110m	1,730m	538.2m	547.4m	728.8m	774.1m
Net profits	714.2m	107.9m	11.67m	7.70m	122.3m	2.2m
Op. net per share	2.71	1.28	0.22	0.22	10.58	0.08
BANK OF NEW ENGLAND Banking		CONTINENTAL TELEPHONE Independent phone system		MARSH & MCLENNAN Insurance broking		
1985	1984	1985	1984	1985	1984	
Revenue	28.4m	28.0m	694.0m	600.7m	444m	322m
Net profits	1.8m	1.7m	48.1m	45.5m	96m	94m
Op. net per share	1.80	1.57	0.54	0.53	1.77	1.50



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Chemical Bank International Limited	Citicorp Investment Bank Limited
Commerzbank Aktiengesellschaft	La Compagnie Financière
County Bank Limited	Crédit Commercial de France
Credit Suisse First Boston Limited	Daiwa Europe Limited
Deutsche Bank Capital Markets Limited	Dresdner Bank Aktiengesellschaft
Fuji International Finance Limited	Générale Bank
IBJ International Limited	Mitsubishi Finance International Limited
Morgan Stanley International	The Nikko Securities Co., (Europe) Ltd.
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Banque Bruxelles Lambert S.A.	Banque Paribas Capital Markets Limited
Barclays Merchant Bank Limited	Citicorp Investment Bank Limited
County Bank Limited	Crédit Commercial de France
Crédit Agricole	Deutsche Bank Capital Markets Limited
Dresdner Bank Aktiengesellschaft	Générale Bank
Lloyds Merchant Bank Limited	Meiko Securities Co., Ltd.
Merrill Lynch Capital Markets	The Nikko Securities Co., (Europe) Ltd.
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INTERNATIONAL COMPANIES and FINANCE

David Dodwell reports on the prospects for the Hong Kong airline flotation today
Cathay on course for a smooth take-off

HONG KONG'S Cathay Pacific Airways has for the past two years been telling the world that anyone who flies with them will "arrive in better shape."

As the company goes public today, with the largest share offering ever mounted in Hong Kong, there is every sign that it will arrive on the territory's stock exchange in very good shape, indeed. Fuel prices and exchange rates seem likely to be swinging so strongly in its favour that a record year is being signalled.

But it seems nothing is to be left to chance. To any canny Chinese investor, it will be no coincidence that Cathay Pacific's shares are to be offered to the public at HK\$3.85 a share.

The original issue price was intended to be HK\$3.50, but the group's two owners—Swire Pacific with 70 per cent and Hongkong and Shanghai Banking Corporation with 30 per cent—thought it wise to forego 2 cents per share to hit the right auspicious note. With

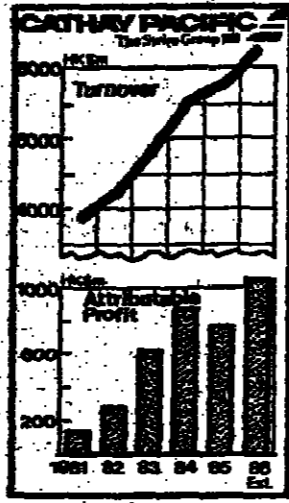
398m shares on offer—15 per cent of the airline's issued share capital—this was a sacrifice of HK\$48m (US\$1.03m).

Cathay Pacific, which has operated since 1959 as Hong Kong's de facto flag carrier, ranks among Asia's leading airline groups. It operates some 400 flights a week to points in Asia, Europe, North America and Australasia.

As a fierce competitor with Singapore Airlines (SIA), which also went public recently in the uncomfortable wake of the Pan-Electric collapse, it has pioneered long-haul non-stop passenger flights to Europe and North America, investing heavily in one of the world's most modern fleets.

Last year it carried 3.85m passengers, earning a net profit of HK\$777m on a turnover of HK\$7.5bn. Profits for the current year are forecast to pass HK\$1bn, almost eight times the HK\$130m profit of 1981.

At an issue price of HK\$3.85 a share, the public offering is expected to raise HK\$1.54bn, and values the company at just over HK\$1.0bn. This gives a price earnings multiple of 10.3, marginally below the multiple of 11 arrived at in the SIA



Of the 398m shares on offer, a group of 11 Hong Kong institutions have been allotted 153m—or 33 per cent—to provide "a bedrock of institutional stability." A further 39.8m shares have been allotted to the 5,900 Hong Kong-based Cathay staff. This leaves the Hong

Kong public bidding for about 226m shares.

In parallel with the public offer, Swire Pacific and the Hongkong Bank have placed a further 7.5 per cent of Cathay's shares with three local companies—Hutchison Whampoa and Cheung Kong, controlled by Mr Li Kashing, and Hysan Development, the property group.

As a result of these moves, Swire will be left with a 54 per cent stake in Cathay, while Hongkong Bank's holding will fall to 23 per cent. Swire says it will spend the HK\$1.65bn raised in repaying debt and investing in existing and new ventures in Hong Kong. Hongkong Bank has not disclosed how it will use its own share of the proceeds.

With most investors seeing this offering as Hong Kong's "blue chip" flotation of the year, there is every sign it will be heavily oversubscribed—some say as much as 20 times. Although the offer will not close until April 29, with share dealings not expected before May 15, "grey market" trading in Cathay shares has suggested a market price of over \$5—reflecting a 30 per cent premium over the issue price.

The buoyant mood surrounding the issue has tended to sweep aside the caution that would normally be advised in purchasing airline stocks. With fuel prices tumbling, and the Hong Kong dollar weakening against the hard currencies in which Cathay earns most of its revenue, there is every sign 1986 will be a peak year.

Even Mr Michael Miles, chairman of Cathay, admitted yesterday: "Aviation is a cyclical business, not really for the faint-hearted."

For Cathay, this is particularly the case, with the inevitable commercial cycles being threatened by unique political circumstances. In 1985, when China regained sovereignty over Hong Kong, control over air traffic rights will shift to Peking. A question hangs over Cathay's future beyond this date, in spite of the brave words from the existing management.

Political pitfalls may lay ahead, but investors seem to feel these are too distant to dampen enthusiasm over today's flotation. They seem certain to ensure that the airline will indeed arrive on Hong Kong's "exchange" in better shape.

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February 1986

Record profits for Japan securities houses

By YOKO SHIBATA IN TOKYO

JAPAN'S BIG FOUR securities houses achieved record pre-tax profits in the half-year to March, deriving a boost particularly from bond market activity.

A reduction of the official discount rate twice during the half-year, lower oil prices and the appreciation of the yen combined to create a highly favourable climate for investment in both bond and stock markets.

More relaxed credit conditions buoyed bond trading volume. Profits from bond trading at Nomura, Daiwa and Nikko, the top three, were

Table showing Japan's Big Four Securities Houses Parent company results, half-year to March (Ybn) with columns for Nomura, Nikko, Daiwa, and Yamaichi.

more than double the levels of the previous full year.

However, they showed a mixed performance in bond futures trading which began on the Tokyo Stock Exchange (TSE) last October. Daiwa

earned over ¥12.5bn (\$76.7m) in dealing profits and commission income, while Yamaichi reported a dealing loss of ¥13.1bn due to a plunge in government bond futures prices in the first month. But Yamaichi

eventually made profits from bond transactions equivalent to 60 per cent of the previous year's level.

Commission income from equity trading did not grow as fast as bond-related income, although the average daily volume on the TSE in the first half increased, particularly in February and March.

This relatively modest earning performance in stock transactions in part arose from the lower commission rates for large-volume customers at a time when institutional investors have had a growing influence on the market.

Hindustan Lever boosts sales 75%

By R. C. MURPHY IN BOMBAY

HINDUSTAN LEVER, the Indian offshoot of the Anglo-Dutch Unilever, achieved a 74.6 per cent increase in sales to Rs 7,07bn (\$689.2m) last year, and pre-tax profits rose by more than a quarter to Rs 555.6m from Rs 440.1m.

Profits after tax surged by a half to Rs 325.6m from Rs 276.8m. The dividend is being raised by 6.2 percentage points to 30 per cent.

Hindustan Lever, which ranks fourth by sales in India's private corporate sector, manufactures chemical fertilisers, soaps and detergents, of which it is the market leader.

The company plans to diversify into biotechnology and agricultural chemicals. Dr Ashok Ganguly, the chairman, says he is to study the possibilities of using advanced technology in natural polymers from National Starch and Chemical, a Unilever subsidiary in the US.

Thai go-ahead for Westpac unit

BANK OF THAILAND has approved a plan for Australian Guarantee Corporation (AGC), a unit of Westpac Banking, to take an 80 per cent stake in First Siam Financial Corporation, a troubled finance house. Renter reports from Bangkok. The central bank is expected to

AGC a special seven-year right to hold a majority of First Siam, which has assets of some 1bn baht (\$37.7m). That law usually limits foreign equity participation in finance companies to 25 per cent.

AGC will inject 126m baht into First Siam.

Equiticorp nearer bid for ACI

THE VICTORIA Supreme Court has revoked an order vesting a 5.9 per cent stake in ACI International, the glass and building products group, with the National Companies and Securities Commission.

Equiticorp Tasman, the New Zealand-owned investment com-

pany which is bidding for ACI, had sought the return of the 19.7m share parcel to nominees. Equiticorp said it hoped its initial bid document would be registered next week.

Early last month it announced a cash bid of A\$520 per ACI share, reports Reuter.

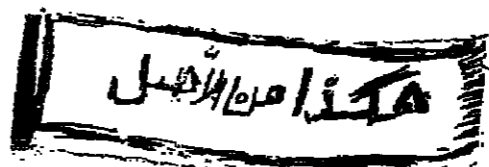
N.S. FINANCE CORPORATION N.V. U.S. \$15,000,000 Guaranteed Floating Rate Notes Due 1987/89

U.S. \$60,000,000 Industrias Peñoles, S.A. de C.V. Floating Rate Notes Due 1989

Advertisement for The Leeds Permanent Building Society, £50,000,000, 10 1/2 per cent. Notes 1991, Baring Brothers & Co., Limited.

Advertisement for The Leeds Permanent Building Society, £200,000,000, Floating Rate Notes 1996, Baring Brothers & Co., Limited.

UK COMPANY NEWS



Bentalls rejects Capco approach

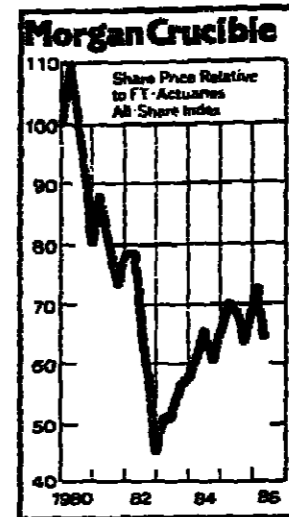
Capital & Counties, the UK property development and investment group owned by Liberty Life Association of South Africa, is considering making a bid for Bentalls, the publicly-quoted department store group.

GKN calls off Firth Cleveland Strip sale

GKN and Nettlefields has abandoned the proposed sale of its Firth Cleveland Strip subsidiary to Cope Allman which would have merged the two largest UK producers of hardened and tempered steel.

Morgan Crucible ahead of forecast with £18.7m

Morgan Crucible Company lifted 1985 pre-tax profits by 21 per cent from £15.5m to a record £18.7m. This beat the forecast of £18m made last December at the time the company launched its successful bid for First Castle Electronics.



Resignations in wake of Imps takeover

MR MICHAEL PICKARD, deputy chief executive of Imperial Group, and five non-executive directors are resigning from the company following last week's £2.8bn takeover victory by Hanson Trust, it was announced yesterday.

Restructuring benefits give Folkes 31% rise

BENEFITS OF rationalisation and disposals are working through at the Folkes Group. In 1985 pre-tax profit has shown an increase of 31 per cent from a revised £1.64m to £2.15m on a turnover down from £68.6m to £62.2m.

Television Services 'would have topped £1m'

Television Services International, a USM-quoted film and video producer, saw pre-tax profits rise by 32 per cent to £1,003,000 in 1985, and the result would have topped the £1m mark were it not for a £200,000 loss on the since-closed Papyrus Films offshoot.

Microlease profit slips to £0.6m in difficult year

REFLECTING DIFFICULT trading conditions, Microlease reports a downturn in pre-tax profits for the year to February 28, 1986. Profits fell from £704,000 to £608,000 on turnover up from £3.24m to £3.78m.

Polymark edges back into the black

Polymark International, laundry and agricultural equipment and technology group, showed a profit in 1985—the first in three years. At the pre-tax level, a profit of £8,000 compared with a £102,000 loss previously.

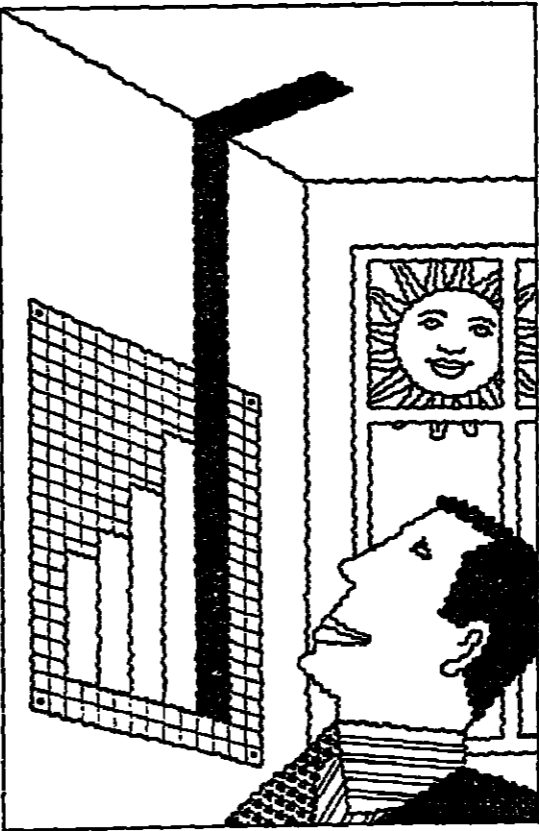
steadily throughout 1985 and achieved a higher 1985, 1986 (1985: £284,000) (1986: £320,000) against well for 1985 for both these operations, the directors say.

LEEDS & HOLBECK BUILDING SOCIETY. The Society with the personal touch. Mr Peter Hartley, President. Assets increased by 22.35% to £821 million. A record sum of £392 million was received in investments and deposits.

Polymark has been a potential recovery stock for three years now but at last there are signs that its reconstruction could pay off. If, as seems likely, the laundry divisions' profits are at least maintained there is scope for significant growth through a sharp reduction of losses in the agricultural division and a positive contribution from technology, which turned into profit in last year's final quarter.

Sun Life: Innovations create record growth

From the statement by the Chairman, Peter Grant. "SUN LIFE HAS CONTINUED TO GO ONWARD AND UPWARD" Profits "Post tax profits for shareholders have risen to £14.1 million from £11.7 million last year."



From the Review of Operations. "AN EXTREMELY BUSY AND RECORD BREAKING YEAR" Results "New annual premium income was up by 25% to £58.5 million. ... The executive and self-employed pension markets were a particular success, with new annual premiums rising to £24.8 million, almost half as much again as in the past year, and single premiums up by 22% to £62 million."

SUN LIFE. A BUSINESS ON THE MOVE. Sun Life's continuing record of success is based on three central aims: providing first-class investment expertise, constantly developing skills and products, and remaining committed to the highest standards of performance and service.

Interest Rate Change. Allied Irish Banks plc announces that with effect from close of business on 21st April, 1986, its Base Rate was decreased from 11% to 10 1/2% p.a. Allied Irish Bank. Head Office - Britain: 64/66 Coleman Street, London EC2R 5AL. Tel: 01-588 0691 and branches throughout the country.

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مركز الدراسات والبحوث

Laporte

ANOTHER RECORD YEAR

PROFIT £55.8m (1984: £47.5m)

GROWTH CONTINUES

- Further significant business expansion
- Capital expenditure £27m
- Expenditure on acquisitions £39m
- Capital expenditure by principal Interlox companies £35m
- Dividend up 25% to 8.25p.
- **Profits** have increased nearly five times and **earnings per share** ten times since 1980

“We have entered the current year with a sense of confidence which I am sure our 1986 results will justify.”

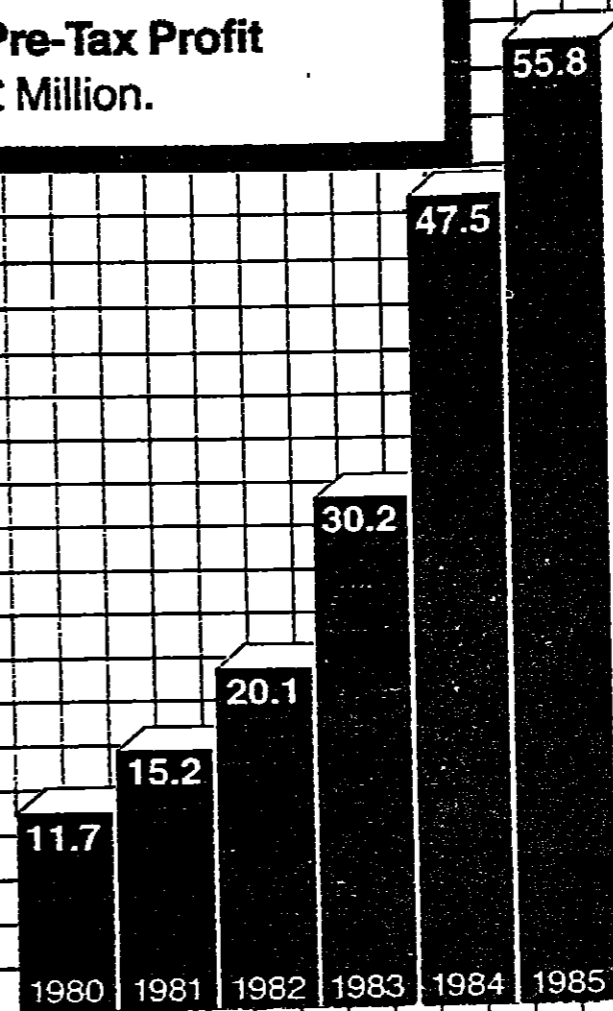
R. M. Ringwald, CBE, Chairman.



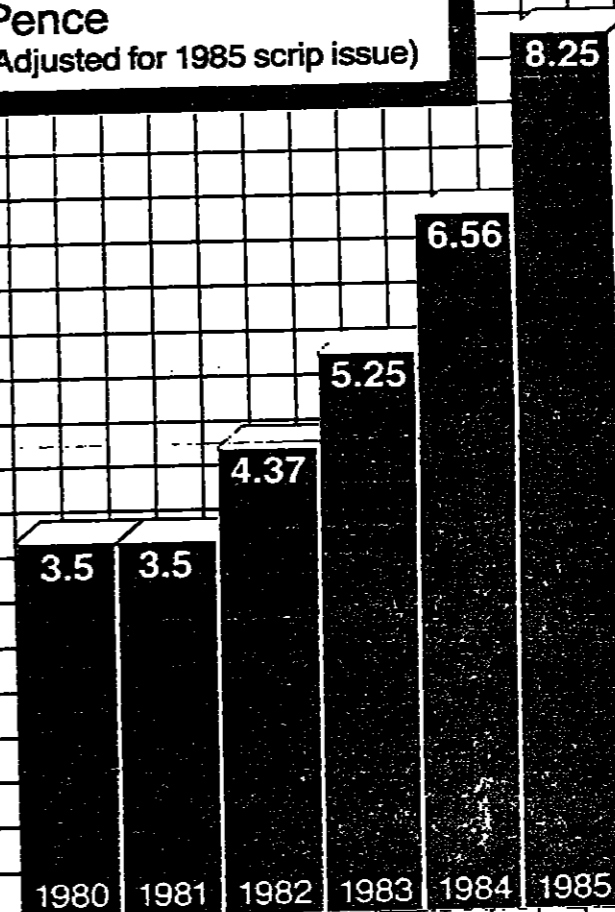
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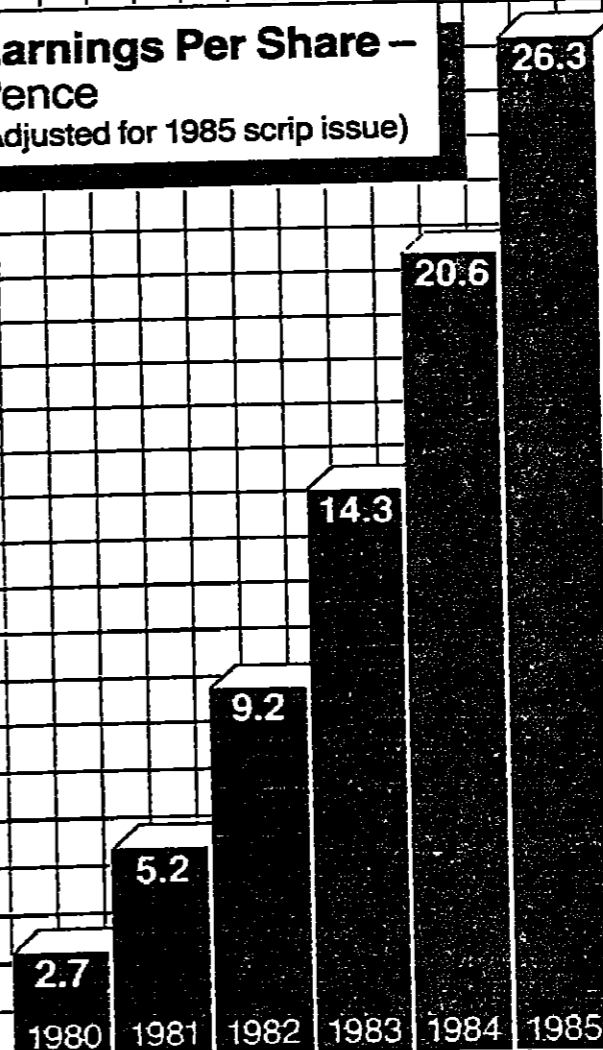
Pre-Tax Profit
£ Million.

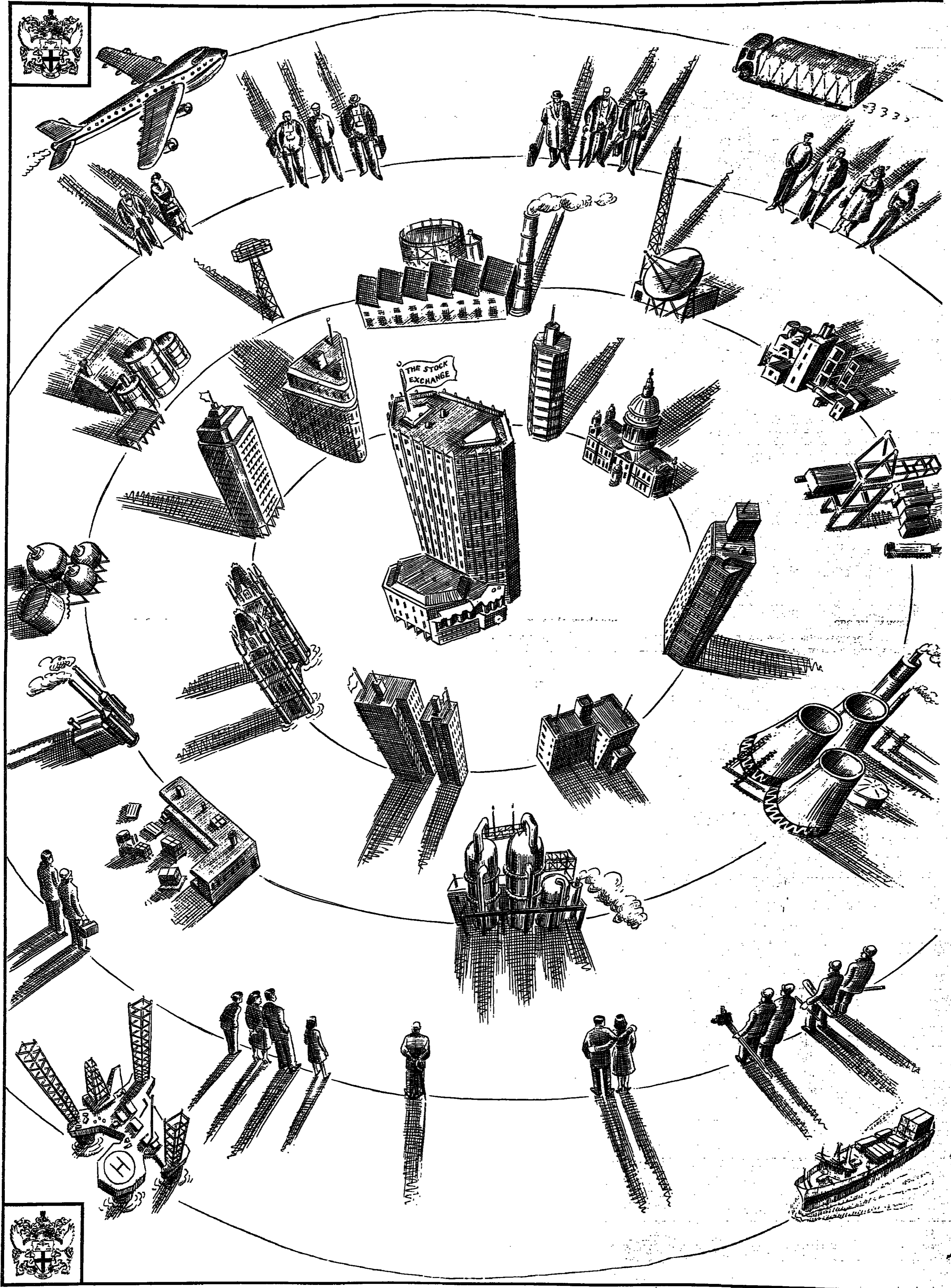


Dividend Per Share –
Pence
(Adjusted for 1985 scrip issue)



Earnings Per Share –
Pence
(Adjusted for 1985 scrip issue)





مركز الاستثمار



It's not just The Stock Exchange which faces immense opportunities this year.

The Stock Exchange exists for only one reason.

It is a market.

Where industry can raise the money it needs, flexibly and efficiently.

And where people can invest their savings, whether directly or through institutions acting on their behalf.

The purpose of The Stock Exchange has not changed for centuries: but the way it is organised has.

This year, a number of very important changes are taking place within a short period of time.

They have attracted much attention. A new phrase - the "Big Bang" - has been coined to describe them.

But the fact is that they represent not so much a sudden and explosive revolution, as the latest stage in a process of change and development which began many years ago.

A process which, taken as a whole, is designed to make The Stock Exchange a very much more open market.

More open to investors, both in Britain and overseas, to buy and sell shares easily and on competitive terms.

More open to industry, to find ready and appropriate sources of funds.

And more open to new members, because The Stock Exchange is now in a position to expand very greatly in size.

The reasons for change

There are two main reasons for this process of change.

The first is the huge and fast growth in the capabilities of information technology.

Distance has shrunk. People all over the world can be in touch with each other in an instant. Work processes have been vastly accelerated.

Despite the substantial costs, The Stock Exchange has consistently invested in computer systems, and has now undertaken its largest investment yet - in a screen-based dealing system which will effectively bring the entire floor of The Stock Exchange to the desk of every broker in the country.

Such a system not only offers faster, more efficient and less expensive dealing, but also removes at a stroke the physical limitation on the size and location of the market.

The second reason is that national boundaries have become less important to the securities industry.

Exchange controls no longer exist in the UK.

Institutions in the USA, Japan, UK and elsewhere have become more willing, and more able, to seek investment opportunities beyond their domestic markets: and in the same way, industry has become more willing, and more able, to look overseas for sources of funds - especially to the Euromarkets.

In short, the trend is leading towards the inter-

nationalisation of the securities industry.

It's a trend which presents great opportunities.

The Stock Exchange itself is, literally, in the right place, at the right time, to consolidate and develop its position as one of the world's most important and active exchanges, together with those in Tokyo and New York.

The benefits of the resulting changes are by no means confined to The Stock Exchange.

For individual investors, there is the prospect of a very much more accessible market - where there are brokers with the resources to deal for them, on the spot and without difficulty, in even the smallest numbers of shares.

For institutional investors, there is the prospect of buying and selling shares for their clients at reduced cost - and, before long, as computer links make connections between the London Stock Exchange and exchanges overseas, of trading in securities 24 hours a day, around the world.

For industry, the new market will be better equipped than ever to meet its demands for capital.

But for the country as a whole, the opportunities are greater still: because The Stock Exchange will be better able to play its part in the development of London as a world financial centre - a centre whose success depends upon the success of its major institutions.

All of these opportunities will flow from the changes which have already been made at The Stock Exchange, and the changes now being planned.

Consider them in turn.

What has been done

A basic readiness to initiate change, and a willingness to respond to commercial pressures, has already made far-reaching and fundamental measures possible.

To summarise only a few: in the last ten years The Stock Exchange has reformed its administration and its disciplinary procedures; it has introduced two new markets (the USM, to meet the capital needs of smaller businesses, and the traded options market, to enable investors to lay off risk); it has invested in a fully computerised settlement system and a new market price information system, TOPIC; and it has changed its rules of membership to allow outside ownership of Stock Exchange member firms and to allow new members to join The Stock Exchange in their own right.

Yet during this remarkable time of change, even more remarkable has been the commitment to some unchanging values.

Notably, the obligation to use the full force of

The Stock Exchange's regulatory powers in the interests of investors.

It is a commitment which will remain, as the pace of change quickens through the course of this year and beyond.

What remains to be done

The next stages in The Stock Exchange's continuum of change are of the very greatest significance.

Later this year will come the developments generally known as the "Big Bang" - the move to a screen-based dealing system, and the abolition of brokers' minimum commissions.

At present, The Stock Exchange is engaged in the building of a completely new electronic market place, SEAQ, which will include not only the display of market information, but also a complete recording of all trading done on The Stock Exchange. A system for overseas securities, SEAQ International, is already in place.

At the same time, the settlement system is being overhauled, expanded and updated.

A new system is planned to handle the fully automatic execution of small bargains which will help cut costs for private investors: and another will facilitate the trading of large blocks of shares.

It is an ambitious and expensive programme: but it is fundamental to The Stock Exchange's future competitiveness.

So too is the work in progress to manage change in the field of regulation.

The new market will require new techniques of surveillance and policing. The Stock Exchange must not only plan the development of its own procedures, but also engage in the debate to do with the Financial Services Bill, which will define the boundaries between statutory and non-statutory regulation.

Further plans under consideration will tackle the question of dealing in wholly unlisted securities, and the growth potential in the traded options market.

And finally, change is by no means confined to the trading floor of the exchange. On the upper floors too, where the governing council meets, reforms will be made in order to satisfy both the aspirations of new members, and the legitimate concerns of existing members.

Every one of these many developments is running to its timetable. The signs are that a fine balance between evolution and revolution will be achieved, and that the new market will offer new levels of competitiveness and flexibility, with no loss of order and regulation.

Naturally, this is good news for The Stock Exchange.

But, as this advertisement has sought to show, it is also good news for London, for industry, and the country as a whole.

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TECHNOLOGY



Pulp without pollution

BY A SPECIAL CORRESPONDENT

THE paper industry, an energy intensive consumer of trees, is set to benefit from a new sulphite-free pulping technique that promises to increase productivity, lower energy costs and virtually eliminate pollution problems.

The advance, dubbed ester-pulping, came as a result of work by Tim Young, a student at the University of Wisconsin in Madison. While employed as a part-time lab assistant he was testing two pulping solutions and struck upon the idea of combining the two.

He had stumbled on a solution to a problem that has been perplexing wood chemists for years. How to break down lignin—the glue that holds wood fibres together. When released, fibres and lignin make up the mushy "pulp" used to produce paper.

Most woods contain about 70 to 75 per cent fibre with the balance being lignin and sugars. The highest theoretical yield is therefore about 70 to 75 per cent.

Currently, paper industries

are dominated by the kraft and sulphite pulping processes which yield about 45 to 50 per cent. However, the ester process boosts yield to 60 or 70 per cent.

It offers several benefits over the popular sulphur-using technologies. Typically, these processes are malodorous, energy intensive, give comparably low pulp yields and require costly mechanical plants.

Kenneth Baierl, a chemical engineer who runs Biodyne, a small consulting company in Neenah, Wisconsin, feels that the higher costs for plants will limit future investment in older technology and open the door for the less expensive ester process.

Because the "cooking liquor" of the ester process works faster and at lower temperatures, it will also lower energy costs. To release a reasonable percentage of wood fibres the kraft process requires cooking wood chips at about 170 degrees C for about two and a half hours. The ester process can produce a high quality pulp at

150 degrees C in only 20 minutes.

The kraft process poses a number of problems which can be traced to the difficult-to-handle chemicals it requires. The pulping method involves cooking the wood chips with sodium hydroxide (caustic soda) and sodium sulphide. As the sulphur helps to dissolve the lignin, the wood fibres are freed and are collected as pulp. The spent chemicals are then burned, producing a rotten-egg-like smell and releasing sulphur into the atmosphere. Although slow in coming, new laws to control acid rain could put the kraft process at a significant economic disadvantage.

Another common process, sulphite pulping, also uses sulphur. Although it does not involve burning the cooking liquor, some of the pulping solvent is discharged into rivers where it causes water pollution.

In the last 20 years, several new pulping solvents have been proposed as replacements for the kraft and sulphite processes. Typically these processes use glycols, amines, ketones, phenol, and aliphatic alcohols. A method using ethyl alcohol and water recently reached the pilot plant stage, but still requires significant energy to recover the process chemicals.

According to Baierl, all these processes fall short in one way or another by costing too much, causing pollution, yielding poor pulp, and wasting chemicals due to recovery problems.

Ester-pulping uses water and two common organic chemicals—ethyl acetate and acetic acid—and water for the cooking mixture. This mixture, or liquor, is easily split into its constituent chemicals simply by shifting the concentration of the basic chemicals. The cooking liquor separates into layers and the chemical can easily be recovered. Because chemical recovery accounts for significant costs in pulp production, such ease of separation would lower production and energy costs.

According to the process's developers, the ester process not only solves the chemical recovery problem but even pro-

duces an excess of the required chemicals. While wood chips cook they produce acetic acid. The other necessary chemical, ethyl acetate, can be made from acetic acid and ethanol produced by fermenting sugars left over from pulping. Ethanol, an exceptionally clean burning fuel can be used to cook the pulp. Even if the left over sugars are not used to make ethanol, they can be discarded without severely polluting water.

Because it recycles chemicals and uses no sulphur compounds, ester pulping does not pollute the air. Minimal amounts of sugars and lignin may be discharged into the water, but much less than with conventional processes.

The ester process also offers another benefit. Because it is a better lignin solvent, it reduces the degree of lignin breakdown necessary for the lignin fragments to become soluble in the cooking liquor. As a result it produces a large amount of high quality lignin, containing no sulphur, which makes it a valuable wood glue for particle boards and plywood. At present, wood glue is manufactured from expensive oil-derived chemicals.

Tim Young's father, a wood chemist, has teamed up with Baierl and Biodyne to seek a patent on the new ester process. Pulp plant operators from several countries, including Japan and Finland, have expressed interest in the new process.

Text transfer: How lower costs can be put on the line

BY GEOFFREY CHARLISH

WIDESPREAD USE since 1980 of personal computers and shared minicomputers in office systems has sharply increased the need for affordable automatic text reading systems, particularly in the publishing and legal worlds.

Laser recordings of books, manuals, reports, conference papers and similar documents on small optical disks that can be sent through the post is beginning to look attractive. In addition, several organisations in Europe and the US are archiving material on optical disks.

But transference from the original paper documents becomes a major cost whether the storage is optical or on conventional magnetic disks. Until recently it meant extensive copy typing. Other areas with such text entry needs include typesetting, in-house publication departments, specialised data publishing and data entry bureaux.

Computers might work wonders once they are provided with information, but in applications where the information comes from existing paper texts rather than someone's head, entering it in the first place is a problem.

In the 1960s, \$1m machines were recognising a few characters per second but their "brains" were such that the banking industry for example, had to devise standard, specially modified characters that could be read without error.

A system that will read a variety of ordinary type faces at the same rate as a typewriter—speed and low error rate is much more difficult to design. Technically, there are two approaches. The simplest, but least versatile, is called template matching and is used for example, by a Californian company, Dest Corporation of Milpitas. Dest has been offering machines in the \$4,000 to \$15,000 range but only a few weeks ago announced a unit for only \$2,500 to work specifically with IBM personal computers and compatible machines. In Europe, from September, Lexi-systems of Frome, Somerset, will be a main supplier.

A Japanese company, Totee has a similar machine as does the New Jersey company Compucan. Both are represented in the UK by General Audio and

Data Communications of Tring, Hertfordshire. Prices are about £10,000 and £5,000 respectively.

Most readers use the same general kind of optical scanning. The system looks at a very thin horizontal line which shifts down the illuminated page as the paper (or the reading head) moves. An image of the line is focused on a long horizontal array of many photo-diodes (light sensitive devices) that electrically register the black to white transitions across the page width. As the line shifts, it successively examines the height of a line of type up to 32 times.

In this way, a single character



is represented as a matrix of points 32 high by 24 wide, which are either black or white, rather like a dot matrix printer character.

Each tiny element in electronic form can then be compared, in a fraction of a second, with all the similarly constructed electronic "templates" of the alphabet which the machine holds in its memory, until a match is found. Each identified character emerges from the reader in computer character code and can be stored on disk for later retrieval and use on a screen.

Although such systems can read several pages a minute—perhaps 10 to 20 times faster than a typist, at about 100 times the accuracy—they often only deal with typewriter-like characters of identical width. The proportionally spaced printed text used in newspapers and books is more difficult for

them, but machines are available that are pre-programmed to deal with one or two popular type-faces.

More versatile but somewhat slower machines (one or two pages per minute) have been developed by Kurzwel of Cambridge, Massachusetts, and just recently by Southdata, a London company. These machines are more dependent on computer software and work much more like the human brain than the template units.

They look for generalised letter shape rather than a particular type face construction, just as the human eye and brain can see an "a" of any kind, not just an "a" in, for example, the eight point Times Roman of this FT page.

No comparison with template units takes place. Instead, the scanned data is examined in software which is able to say "Yes, this is an 'a' of some kind."

As well as sophisticated software, such systems require fast processing and a good deal of storage. Before the "chip" achievements of the past decade, they would have been prohibitively expensive. In the US, the Kurzwel 4000 system sells for about \$85,000.

Kurzwel has several hundred users in the US, in legal and publishing houses and in bureaux which specialise in turning printed matter into magnetically stored data.

In the UK, where 18 systems have been sold, users include the Stock Exchange, where the system will be used to put documentary data into the computers as part of the Big Bang in October. Grattan, the UK mail order company has catalogue applications and Dutch publisher Elsevier is a user.

The Southata machine, called Typewriter, has yet to reach the production stage and the company is looking for an office equipment manufacturer to make it in volume under licence. Price is expected to be about £8,000.

Optically, the company has been using the reading section of a facsimile machine. This feeds a microcomputer that has software able to read "an almost limitless range of type-faces". At present the speed is quoted as five characters per second, so that the machine takes several minutes to read one page of A4 typescript.

HOW MOTOROLA ENGINEERS SOLVED AN OLD MARKETING PROBLEM WITH A NEW TECHNOLOGY.

The problem has been around for years. Every country in Europe has its own, special technical requirements for two-way mobile radio communications. As a result, electronics manufacturers have been hard-pressed to find a way to bring the advantages of volume production to this category of products.

The solution has been very elusive. What was needed was a way to build two-way radios customised for each unique country market within Europe, but to do it on a high-volume, assembly line basis.

Under the traditional principles of mass production, this was certainly a contradiction in terms.

But Motorola engineers have indeed built such a capability within the EEC.

And it is producing our MC micro two-way radios in volume, right now.

The facility is nothing less than an integrated, automated assembly line that adapts each product to all the varying regulations and requirements of its intended market without halting the production run, or even slowing it down.

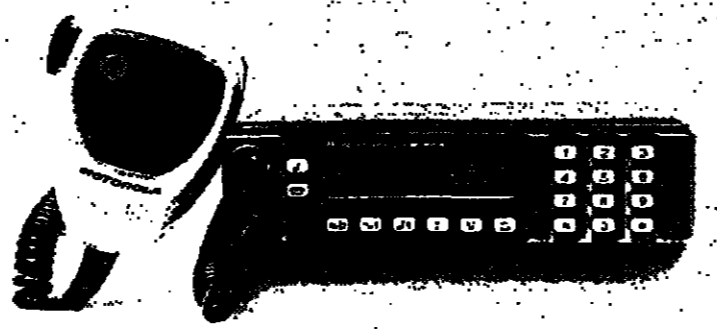
Nearly all components of the complex electronic circuit boards for these radios are fed into production on a continuous stream of tape. Automated machines install thousands of these miniature devices per hour, in all the versions required by all our differing customers throughout Europe, and with pinpoint accuracy.

This system not only produces market-matched radios on a mass-production basis, but the units it builds are of excellent quality and the savings on fabrication costs are substantial.

This facility and the MC micro two-way radio are a synthesis of many new Motorola technologies in communications and manufacturing. This is just one example of what our company has been doing to serve customers in Europe.

In the UK, the Motorola facilities in East Kilbride, Basingstoke and Stotfold are important contributors to the advancement of the growing electronics industry. In addition to these production facilities, we also maintain 15 offices to serve our British customers.

Motorola is one of the world's largest electronics companies. We do business on five continents. And wherever we are, we all share a deep dedication to the service of our customers in voice and data communications, computers, semiconductors and components of defence, aerospace, automotive and industrial electronics.



The Motorola MC micro meets the UK specifications issued by the D.T.I. including those for the new VHF Band III.

MOTOROLA A World Leader in Electronics

Shell takes action on training

BY PETER MARSH

THE SCENE is a dockyard, on the east coast of Scotland, where a labourer clammers on top of a lorry in his job of unloading equipment destined for an offshore oil platform.

Losing concentration for a split second, the man slips, releasing his grip on the load. He falls to the ground while the heavy and cumbersome equipment, suddenly untethered, balances precariously on the edge of the vehicle. . . .

Scenes such as this are to be filmed over the next few months as part of an imaginative effort by Shell UK to use the latest computer and optical-recording methods to cut accidents associated with oil and gas production.

If all goes to plan, the several thousand people who work for Shell in offshore production will watch films giving a second-by-second description of how accidents happen.

A vital part of the technique is that, by correctly answering questions flashed on to a computer screen which is simultaneously showing the video recording, workers will be able to freeze the action and shift the film into a course where everything works out safely.

In this way, for example, the person viewing the film about the dockyard accident would

have the chance to make the distracted labourer regain concentration, or preventing, at the last minute, the load falling off the lorry. As a result, the film watcher would be given a forceful reminder of how personal lapses causes accidents.

By giving the workers the opportunity to alter the way the film proceeds, "we will give them the chance to play at being God," says Mr David Locke, Mr Locke is managing director of Video Media, a small company in London which is months as part of an imaginative effort by Shell UK to use the latest computer and optical-recording methods to cut accidents associated with oil and gas production.

Video Media is producing three pilot films using the computer and video technique, known as interactive video. The films are recorded on laser discs and played on systems made by companies such as Philips and Sony. Control of the images is by an IBM personal computer.

If the pilot recordings, to be finished by the end of this summer, are judged successful, interactive video techniques could be used to provide routine training to Shell employees associated with offshore work, according to Mr Andy Mitchell, Shell's operations methods supervisor, who is based in Aberdeen.

Although training using interactive video is not new—airline pilots and bank tellers

are among those who have been taught new ways of working using the technology—Mr Mitchell says he knows of no similar application of interactive video in the offshore industry.

Shell has asked Video Media—which was set up last year by Mr Locke, previously a marketing executive in the oil industry, and Dr Peter Chatterton, a computer specialist—to concentrate particularly on ways to train workers to avoid simple accidents such as trips and falls.

Such mishaps accounted last year for about 300 incidents which led to Shell's production workers injuring themselves seriously enough to leave work for the day.

Video Media has employed Dr Diana Laurillard, an educational psychologist at the Open University, to advise on the psychological aspects of ensuring people can learn from the film techniques. Also working on the project is Ms Tina Eden, who has expertise in training routines based on computer games.

To manager term work for Shell, Video Media is also investigating how optical disc systems which store data could supplement computer memories in storing the huge quantities of information required aboard offshore platforms.

THE BROOKINGS INSTITUTION

ANNUAL EUROPEAN SEMINAR

Center For Public Policy Education

JUNE 15-20, 1986 PARIS, FRANCE

A seminar for senior corporate executives of U.S. multinational companies based in North America, Europe and the Middle East...

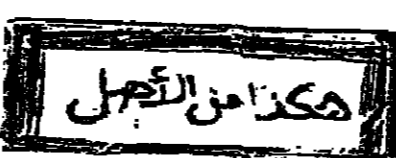
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FT LAW REPORTS

FT UNIT TRUST INFORMATION SERVICE

International Tin Council is not immune from bank's action

STANDARD CHARTERED BANK v INTERNATIONAL TIN COUNCIL (Queen's Bench Division (Commercial Court): Mr Justice Bingham: April 17 1986)

AN international organisation has no sovereign immunity in the UK except to the extent of grant by legislation; and where immunity is granted... Mr Justice Bingham so held when refusing an application by the International Tin Council (ITC) to set aside a writ issued against it by Standard Chartered Bank. The ITC contended that it was immune from the jurisdiction of the English court, and is not required to make its waiver before the court in specific proceedings.

Paragraph 6(1) of the International Tin Council (Immunities and Privileges) Order 1972 and Privileges Order 1972 and 1985. The Council shall have immunity from suit and legal process except: (a) to the extent that the Council shall have expressly waived such immunity in a particular case...

HIS LORDSHIP said that by a facility letter dated July 19 1983 the bank offered to lend £10m to the ITC. Its terms included: "(7) This facility letter shall be governed by... English law and you hereby irrevocably submit to the non-exclusive jurisdiction of the High Court... and consent to... the issue of any process against you."

The offer was accepted. The loan was made and continued in the same terms in 1983, 1984 and 1985. The bank concluded that a default in repayment had occurred and it issued proceedings on March 11 1985. It submitted that clause 7 of the facility letter contained an express waiver of immunity in the clearest possible terms within paragraph 6(1) (a) of the International Tin Council (Immunities and Privileges) Order 1972.

The ITC operated under a series of international tin agreements of which the most recent (made under the auspices of the United Nations) was the sixth. Its object was to promote an orderly market in tin. Two instruments formed the present agreement. The first was a Headquarters Agreement between the UK Government and the ITC, which came into force on February 9 1972. The other was the Order of 1972. The Headquarters Agreement provided that the ITC should have legal personality and capacity to contract, and that its archives and premises should be inviolable.

It also provided by article 8 that the ITC should have "immunity from jurisdiction and execution", except to the extent that it had expressly waived such immunity in a particular case.

Article 23 of the agreement provided that where the ITC contracted "with a person resident in the UK or a body incorporated or having its principal place of business in the UK" the contract, if formal, should include an arbitration clause. The 1972 Order came into force on the same date as the Headquarters Agreement. Article 6(1) of the Order produced exactly the language of article 8(1) of the agreement, save that the immunity was expressed to be "from suit and legal process", not "from jurisdiction and execution".

The ITC submitted first that on the construction of the 1972 Order read with the Headquarters Agreement, article 6(1) (a) did not apply to contractual claims. Article 23 of the agreement required the ITC to contract to contain an arbitration clause, and if a contracting party obtained an award against it, article 6(1) (c) of the Order provided that the ITC had no immunity against enforcement of the award.

That said, the ITC, as a comprehensive and exclusive code for resolution of contractual disputes. Thus an express waiver of immunity in a contractual case could never have been envisaged. The argument was fallacious. Article 23 only required the ITC to include an arbitration clause in a contract with a person resident in the UK or a body incorporated or having its principal place of business in the UK. A wholly foreign party, falling outside that description, would face a dilemma: if he included in his contract a clause such as that included by the bank, he would be shut out unless the ITC agreed to be sued; if he included an arbitration clause he might obtain an award, but would not be able to enforce it in the UK of right because it would not be an ITC of which sovereign states were no more than members. The ITC could scarcely be seen as enjoying perfect equality with the UK.

There were several answers to that submission. First, the doctrine of sovereign immunity grew from a theory that sovereign states were characterised by perfect equality and absolute independence (Schooner Exchange (1812) 7 Cranch 116). It followed that one sovereign would not insult the dignity of another by seeking to assert jurisdiction over him. Whatever the merits of that doctrine as between personal sovereigns or sovereign states, it was not obviously apt to apply to bodies which were not sovereign states. Secondly, international organisations such as the ITC had never been recognised at common law as entities with sovereign status. They were accordingly entitled to no sovereign or diplomatic immunity in the UK save where such immunity was granted by legislative enactment.

The ITC enjoyed such immunity as was granted by section 6(1) of the 1972 Order, no more and no less. Thirdly, this was a field in which it was the duty of the English courts, so far as possible, to keep in step with the settled practice of other nations "that a waiver of immunity can be agreed in any form, that it does not have to be stated in front of the court" (see Dr E. J. Cohn, Waiver of Immunity BYIL 1983 280).

That consensus was reflected in the European Convention of 1972. The Convention was not signed for some months after the 1972 Order was made, but must at that time have been in an advanced state of negotiation. Against that background the draftsman of the 1972 Order must have intended that a clear contractual waiver should have effect in accordance with its terms. In the provision made for submission to a UK court by prior written agreement (section 2(2)).

The ITC submissions failed and the summons were dismissed. The conclusion entitled to be given to the manifest intentions of the parties. For the bank: Timothy Walker QC and Mark Barnes (Slighter & May). For the ITC: Nicholas Chambers QC, Professor Roslyn Higgins QC, Peter Irvin (Carnegie Merzby). By Rachel Davies Barrister.

Against that background of authority, the ITC contended, the draftsman of the Headquarters Agreement and the 1972 Order could not have intended to provide for waiver of immunity by a mere contractual undertaking to submit to the jurisdiction of the English court. There were several answers to that submission. First, the doctrine of sovereign immunity grew from a theory that sovereign states were characterised by perfect equality and absolute independence (Schooner Exchange (1812) 7 Cranch 116). It followed that one sovereign would not insult the dignity of another by seeking to assert jurisdiction over him. Whatever the merits of that doctrine as between personal sovereigns or sovereign states, it was not obviously apt to apply to bodies which were not sovereign states. Secondly, international organisations such as the ITC had never been recognised at common law as entities with sovereign status. They were accordingly entitled to no sovereign or diplomatic immunity in the UK save where such immunity was granted by legislative enactment.

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AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as Abbey Unit Trust, Aetna Unit Trust, Alford Unit Trust, etc., with columns for name, details, and financial information.

F.T. CROSSWORD PUZZLE No. 6,003 DANTE

Crossword puzzle grid with numbered squares and some filled-in letters.

- ACROSS 1 In this event, one may be for it (4, 4) 2 Mouth-watering church decorations (9) 3 People who what they like with it (3, 12) 4 Go off at the wrong time (7) 5 Film company boss I meet at the Job Centre (8) 6 Accident-prone vessels, all suspended (3, 5, 7) 7 Nor only soldiers may be bored by it (5) 8 Excel as a boot-black? (8) 9 Winger having scored fifty goals? (6) 10 Fieldsman who is frightfully badly dressed (8) 11 Stop or start playing billiards (5, 3) 12 Show preference for a simple building (4, 2) 13 Fever may produce first-class alarm (7) 14 Firm stayed disorganised (8) (3, 3) 15 Highest form of wit (5) 16 A share in a growing concern (9) 17 Trademan explaining how he hopes to come from hospitals? (9) 18 Some popular variety of grub (5) 19 Clerical work done by a metal worker (6) 20 Stepping stones to reason and method (8) 21 Cavalryman turns up without thinking about it (6)

AUTHORISED UNIT TRUSTS & INSURANCES

Main table listing various financial products, companies, and their details. Includes sections for 'INSURANCES' at the bottom left and 'UNIT TRUSTS' throughout the rest of the page.

Handwritten Arabic text at the bottom center of the page.

Standard Life Assurance Co Ltd
Teachers' Assurance Company Ltd
Pemberton Life Assurance Co Ltd

Table listing various insurance and assurance companies with their respective details and financial information.

Table listing various insurance and assurance companies, including Sun Life of Canada and others.

Table listing various insurance and assurance companies, including Sun Life of Canada and others.

Table listing various insurance and assurance companies, including Sun Life of Canada and others.

Table listing various insurance and assurance companies, including Sun Life of Canada and others.

Table listing various insurance and assurance companies, including Sun Life of Canada and others.

INSURANCE, OVERSEAS & MONEY FUNDS

Main table listing various insurance, overseas, and money funds with their names, descriptions, and financial data.

Table listing various money market funds and bank accounts.

Table listing various money market bank accounts.

Table listing various money market bank accounts.

Table listing various money market bank accounts.

Table listing various money market bank accounts.

Table listing various money market bank accounts.

Table listing various money market bank accounts.

Table listing various money market bank accounts.

OFFSHORE AND OVERSEAS

Table listing various offshore and overseas funds and investments.

TRADITIONAL OPTIONS

Table listing various traditional options and call rates.

A selection of Options traded is given on the London Stock Exchange Report Page.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Japan fails to halt slide

The dollar's losses were pared yesterday by profit taking on short positions taken ahead of Friday's cut in the US discount rate, and by nervousness about the attitude of the central bank.

£ IN NEW YORK

The dollar's losses were pared yesterday by profit taking on short positions taken ahead of Friday's cut in the US discount rate, and by nervousness about the attitude of the central bank.

JAPANESE YEN

The yen rose sharply against the dollar in hectic Tokyo trading, intervention by the Bank of Japan was estimated to be around \$1.5bn, but failed to prevent the dollar closing at a record low of ¥171.90.

FINANCIAL FUTURES

Late recovery

US Treasury bonds and Euro-dollar prices finished above the day's lows after recovering during the afternoon in the London International Financial Futures Exchange yesterday.

After a slight downturn, following the start of trading in the US, prices were low enough to attract fresh demand which helped contracts finish on the day's lows.

Table with columns: Strike, Call, Put, Price, Change, Volume. Includes data for US Treasury Bonds and Euro-dollar futures.

Table with columns: Strike, Call, Put, Price, Change, Volume. Includes data for Liffe Euro-dollar futures and Liffe Euro-dollar options.

POUND SPOT - FORWARD AGAINST POUND

Table showing pound spot and forward rates against the pound for various currencies and time periods.

CURRENCY MOVEMENTS

Table showing percentage changes in currency values for various countries.

CHICAGO

Table showing Chicago market data for various commodities and currencies.

LONDON

Table showing London market data for various commodities and currencies.

DOLLAR SPOT - FORWARD AGAINST DOLLAR

Table showing dollar spot and forward rates against the dollar for various currencies and time periods.

CURRENCY RATES

Table showing current exchange rates for various currencies.

OTHER CURRENCIES

Table showing exchange rates for other major currencies.

STERLING INDEX

Table showing the sterling index and its performance against various currencies.

EXCHANGE CROSS RATES

Table showing cross-exchange rates between various currencies.

EURO-CURRENCY INTEREST RATES

Table showing interest rates for various Euro-currency deposits.

EMS EUROPEAN CURRENCY UNIT RATES

Table showing rates for the European Monetary Unit (ECU).

STERLING INDEX

Table showing the sterling index and its performance against various currencies.

MONEY MARKETS

The Bank of England took advantage of a very large credit shortage in the London money market yesterday by offering a £122m and committed purchases of £200m of eligible bank bills.

NEW YORK RATES

Table showing interest rates in New York for various instruments.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates in London.

LONDON MONEY RATES

Table showing money market rates in London.

MONEY RATES

Table showing money market rates for various currencies.

NEW YORK RATES

Table showing interest rates in New York for various instruments.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates in London.

LONDON MONEY RATES

Table showing money market rates in London.

FOREXTREND advertisement featuring a line graph and text about currency forecasting services.

Company Notices section containing various corporate announcements and legal notices.

BANQUE NATIONALE DE PARIS advertisement for a 7% 1971/1986 loan.

ENTE NAZIONALE PER L'ENERGIA ELETTRICA advertisement for a 7% 1971/1986 loan.

CLASSIFIED ADVERTISEMENT RATES table listing various advertising options and prices.

WORLD VALUE OF THE POUND advertisement with a large pound symbol and text about exchange rates.

Large table listing exchange rates for various countries and currencies, including columns for Country, Currency, and Value of £ Sterling.

BANK SIGNALS ON BASE RATES

The Bank of England took advantage of a very large credit shortage in the London money market yesterday by offering a £122m and committed purchases of £200m of eligible bank bills.

UK clearing banks base

UK clearing banks base leading rate 10 1/2 per cent since April 21.

UK clearing banks base

UK clearing banks base leading rate 10 1/2 per cent since April 21.

UK clearing banks base

UK clearing banks base leading rate 10 1/2 per cent since April 21.

MONEY RATES

Table showing money market rates for various currencies.

NEW YORK RATES

Table showing interest rates in New York for various instruments.

FT LONDON INTERBANK FIXING

Table showing interbank fixing rates in London.

LONDON MONEY RATES

Table showing money market rates in London.

STERLING INDEX

Table showing the sterling index and its performance against various currencies.

BRITISH FUNDS - Table with columns for Stock, Price, Div, Yld, and various fund names like 'Starts (Lives up to Five Years)' and 'Five to Fifteen Years'.

LONDON SHARE SERVICE

Table of London share prices categorized by industry: BUILDING, TIMBER, ROADS-Cont, DRAPERY & STORES-Cont, ELECTRICALS, CHEMICALS, PLASTICS, DRAPERY AND STORES, BEERS, WINES & SPIRITS, and AMERICANS-Cont.

Table of share prices categorized by industry: ENGINEERING-Continued, INDUSTRIALS-Continued, FOOD, GROCERIES, ETC, and HOTELS AND CATERERS.

Handwritten text at the bottom of the page, possibly a signature or note.

Financial Times Tuesday April 22 1986

INDUSTRIALS—Continued

Table of industrial stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

LEISURE—Continued

Table of leisure stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

PROPERTY—Continued

Table of property stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INVESTMENT TRUSTS—Cont.

Table of investment trusts including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

FINANCE, LAND—Cont.

Table of finance and land stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

MINES—Continued

Table of mine stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

INSURANCE

Table of insurance stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

MOTORS, AIRCRAFT TRADES

Table of motor and aircraft trade stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

SHIPPING

Table of shipping stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

SHOES AND LEATHER

Table of shoes and leather stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OIL AND GAS

Table of oil and gas stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

OVERSEAS TRADERS

Table of overseas trader stocks including companies like British Airways, British Petroleum, and British Telecom, with columns for stock price, high, low, and volume.

Notes section containing various financial notices and company announcements.

Regional and Irish stocks section listing various regional and Irish companies.

Recent issues and rights page 38 (International Edition Page 36) notice.

LONDON STOCK EXCHANGE

Worldwide move to lower interest rates fails to enthuse investors

Account Dealing Dates
Option
First Declared Last Account
Sales Dates Dealings Day

Continuation of the worldwide move to lower interest rates failed to enthuse London stock markets yesterday. Investors were generally unresponsive to the weekend news of further reductions in the US and Japanese discount rates, while the decision by leading UK building societies to cut mortgage rates by 1 percentage point to 11 per cent had been fully discounted.

about the possible sale of the Hambro family's interests. Among Composite Insurances, General Accident shed 25 to 890p on lack of support. GRE slipped to 925p before picking up late to close only 3 cheaper on balance at 927p. New FT Ordinary index constituent Royal Insurance hardened a couple of pence to 912p.

FINANCIAL TIMES STOCK INDICES

Table with columns for April 21, April 18, April 15, April 12, April 9, April 6, April 3, and year ago. Rows include Government Secs, Fixed Interest, Ordinary, Gold Mines, Ord. Div. Yield, Earnings, P/E Ratio, Total Bargains, Equity Turnover, and Shares traded.

HIGHS AND LOWS S.E. ACTIVITY

Table with columns for High, Low, and S.E. Activity. Rows include Govt. Secs, Fixed Int., Ordinary, and Gold Mines.

Stores were confined to secondary issues. Bentalls which revealed disappointing preliminary results last Tuesday, spurred 37 to 208p following tentative bid approach from Capital and Counties; Bentalls described the approach as "unsolicited and unwelcome."

adequate mid-term facilities to allow it to meet all current obligations. It intends to continue its commitment to exploration and production operation worldwide and has no plans for staff reductions beyond the level necessary to carry out its commitment.

Leading oils gave ground across the board awaiting an official statement on the outcome of the latest OPEC gathering. BP lost 12 to 555p, still reflecting concern that Distillers may sell its stake in BP following the takeover by Guinness, and ahead of first quarter results from its US subsidiary Schie scheduled for Thursday.

Jaguar bucked the trend among Internationals, rising 21 to 488p amid aggressive US support. Motor Distributors were also noteworthy for a gain of 17 to 229p.

Another subdued session among Paper/Printings was again enlivened by Mr Robert Maxwell's British Franks and Butter, which attracted "call" option business, and improved 17 to 302p; tomorrow's preliminary results are expected to be higher at 132p.

EQUITIES

Table with columns for Stock, High, Low, and Change. Rows include BHP, BP, Shell, and various other equities.

FIXED INTEREST STOCKS

Table with columns for Stock, High, Low, and Change. Rows include various fixed interest securities.

RIGHTS OFFERS

Table with columns for Stock, High, Low, and Change. Rows include various rights offers.

TRADED OPTIONS

Activity in Traded Options increased slightly with 44,448 contracts transacted. Business was evenly-balanced with 13,280 calls and 11,169 puts struck.

NEW HIGHS AND LOWS FOR 1986

BRITISH FUNDS (12), INTL BANK AND OVERSEAS GOVT. STRLING FUNDS (2), COMMERCE AND AFRICAN LOANS (2), AMERICANS (8), CANADIANS (4), BANKS (7), CHEMICALS (6), STORES (6), ELECTRICALS (16), ENGINEERING (17), FOODS (10), HOTELS (5), PROPERTY (7), TEXTILES (5), TRUSTS (2), OILS (2).

TRADITIONAL OPTIONS

Money was given for the call of STC, Cadburys, Edeco, Engineering, Royal Bank, Consolidated, Cassell, Swire, Tricentral, ASDA-M&A, Electricals, William Boulton, John Brown, Associated, British Engineering, Stomgard, Boots, Chloride, Commercial Union, Meggit, Unigroup, Burnett and Hallamshire, BPC, George.

RISES AND FALLS YESTERDAY

Table with columns for Rise/Fall, Stock Name, and Change. Rows include British Funds, Foreign Bonds, Industrial, Financial and Props, Oils, etc.

FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

Table with columns for Index No., Day's Change, and Index No. Rows include Capital Goods, Building Materials, Contracting, etc.

FIXED INTEREST

Table with columns for Index No., Day's Change, and Index No. Rows include British Government, 1-5 years, 2-15 years, etc.

Boe Group sold

Nervous selling of a head of the interim figures expected shortly left BOC Group 16 cheaper at 354p. Among the other misadventures, British Franks and Butter reacted to 417p before buyers appeared and took the price up to a close of 426p, up

YESTERDAY'S ACTIVE STOCKS

Table with columns for Stock Name, Vol., and Last. Rows include Applied Micrologics, Bentalls, etc.

FRIDAY'S ACTIVE STOCKS

Table with columns for Stock Name, Vol., and Last. Rows include Diagnostics, Cable & Wire, etc.

EUROPEAN OPTIONS EXCHANGE

Table with columns for Series, Vol., Last, and Stock. Rows include GOLD C, GOLD D, GOLD E, etc.

LONDON TRADED OPTIONS

Table with columns for Option, Apr., May, Jun., Nov., and Dec. Rows include B.P., G.E.C., Grand Merit, etc.

* Opening Index 1680.7; 10 am 1679.3; 11 am 1674.8; Noon 1671.5; 1 pm 1669.4; 2 pm 1668.2; 3 pm 1668.0; 3.30 pm 1668.5; 4 pm 1668.7

April 18 Total contracts 21,053 Calls 16,325 Puts 5,620 Underlying security price.

WORLD STOCK MARKETS

Table of world stock markets including Austria, Germany, Norway, Australia, Japan, Belgium/Luxembourg, Denmark, France, Netherlands, and Switzerland. Columns show stock prices and changes for various companies and indices.

Indices section containing New York Dow Jones, NYSE Consolidated 1400 Actives, and various international indices like Australia, Belgium, Denmark, France, Germany, Hong Kong, Italy, Japan, Korea, Singapore, South Africa, Spain, Sweden, Switzerland, and Taiwan.

LONDON Chief price changes table listing various commodities and financial instruments with their respective price movements.

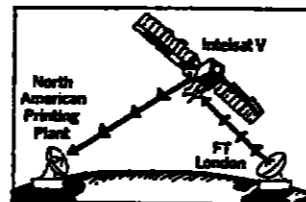
SOUTH AFRICA table listing stock prices for various companies in South Africa.

Advertisement for Financial Times featuring a photograph of a man reading the newspaper. Text includes: 'Wall Street, Montgomery Street, Threadneedle Street: all on the same wavelength.' and 'FINANCIAL TIMES Because we live in financial times.'

Advertisement for Kidder Peabody & Co. International Investment Bankers. Text includes: 'After the final curtain, all the world's a stage.' and 'Kidder Peabody & Co. Limited International Investment Bankers'. It also features a small illustration of a stage scene.

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INFLIGHT INFORMATION

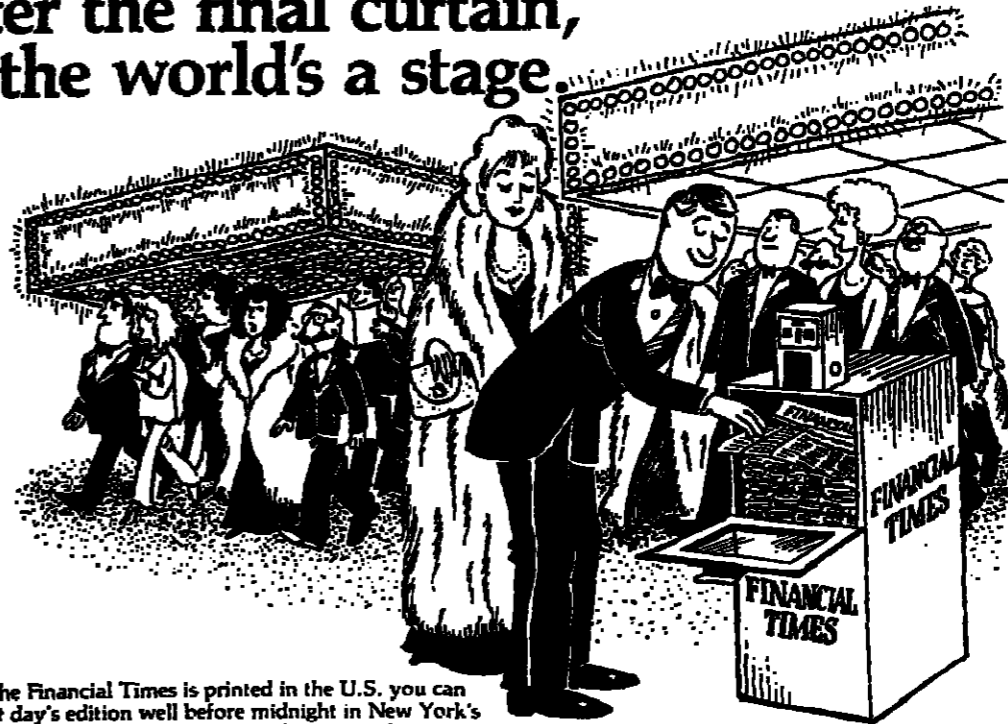
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Lines, Eastern, Egyptair, El Al, Ethiopian Airlines, Finnair, Ghana Airways, Gulf Air, Iberia, Iceland Air, JAT Yugoslav Airlines, Japan Air Lines, Kenya Airways, Kuwait Airways, KLM, Lufthansa, Lamin, Maersk, Malaysian Airlines, Middle East Airlines, Northwest Orient Airlines, Olympic Airways, Pakistan Airlines, Pan American World Airways, Peoples Express, Philippine Airlines, Qantas, Royal Air Maroc, Scandinavian Airlines System, Sabena, Saudi Arabian Airlines, Singapore Airlines, South African Airways, Swissair, TAAG Angola Airlines, TAP Air Portugal, TWA, Thai Airways International, Tower Air, UTA, Varig Airlines, Viasa, Virgin Atlantic, World Airways, Zambia Airways.

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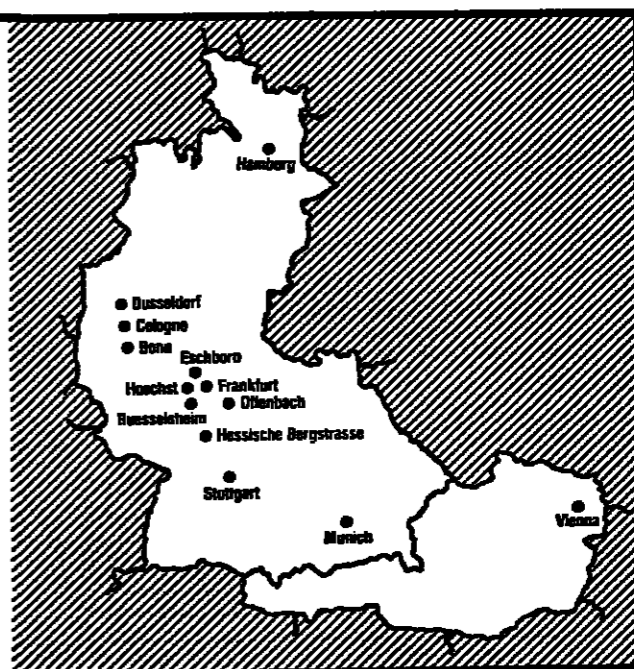
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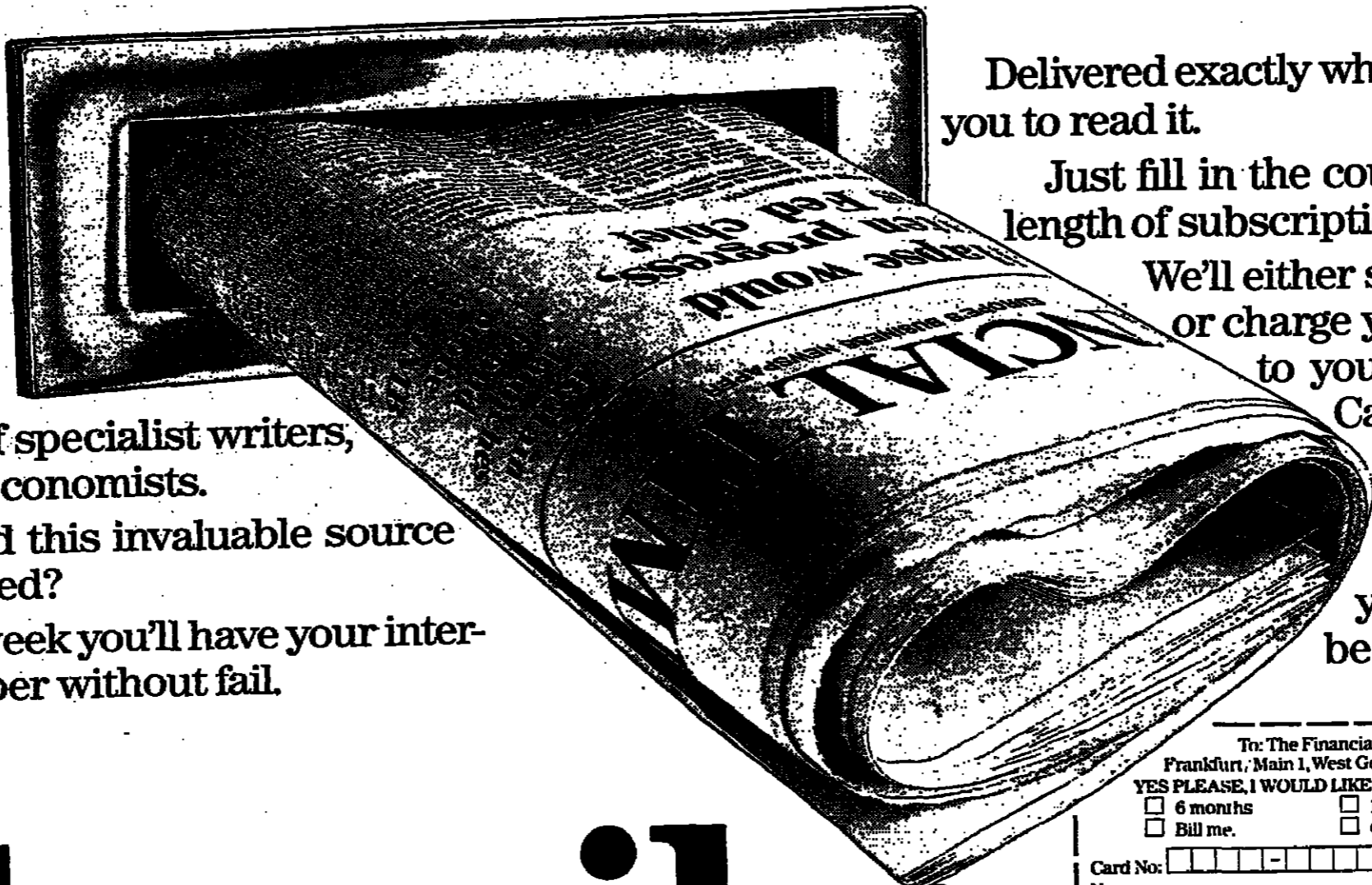
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FINANCIAL TIMES
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AUSTRIA Sub Rate: OS 2200 (6 months), OS 4170 (12 months), OS 7090 (24 months). Hand Delivery Supplement: OS 250 (6 months), OS 700 (12 months), OS 1245 (24 months). BELGIUM Sub Rate: FRF 5020 (6 months), FRF 10250 (12 months), FRF 19250 (24 months). DENMARK Sub Rate: DKK 750 (6 months), DKK 1500 (12 months), DKK 2810 (24 months). FINLAND Sub Rate: FIM 2310 (6 months), FIM 4620 (12 months), FIM 9240 (24 months). FRANCE Sub Rate: FRF 840 (6 months), FRF 1680 (12 months), FRF 3360 (24 months). GERMANY Sub Rate: DM 320 (6 months), DM 640 (12 months), DM 1280 (24 months). GREECE Sub Rate: GRD 1200 (6 months), GRD 2400 (12 months), GRD 4800 (24 months). HOLLAND Sub Rate: Gld 1050 (6 months), Gld 2100 (12 months), Gld 4200 (24 months). IRELAND Sub Rate: IR£ 1050 (6 months), IR£ 2100 (12 months), IR£ 4200 (24 months). ITALY Sub Rate: Lit 105000 (6 months), Lit 210000 (12 months), Lit 420000 (24 months). JAPAN Sub Rate: ¥ 105000 (6 months), ¥ 210000 (12 months), ¥ 420000 (24 months). LUXEMBOURG Sub Rate: LFR 5200 (6 months), LFR 10400 (12 months), LFR 20800 (24 months). MALAYSIA Sub Rate: RM 1050 (6 months), RM 2100 (12 months), RM 4200 (24 months). MEXICO Sub Rate: Mex\$ 10500 (6 months), Mex\$ 21000 (12 months), Mex\$ 42000 (24 months). NETHERLANDS Sub Rate: Gld 1050 (6 months), Gld 2100 (12 months), Gld 4200 (24 months). NORWAY Sub Rate: Nkr 1050 (6 months), Nkr 2100 (12 months), Nkr 4200 (24 months). PORTUGAL Sub Rate: Esc 105000 (6 months), Esc 210000 (12 months), Esc 420000 (24 months). SWEDEN Sub Rate: Skr 1100 (6 months), Skr 2200 (12 months), Skr 4400 (24 months). SWITZERLAND Sub Rate: Sfr 250 (6 months), Sfr 500 (12 months), Sfr 1000 (24 months). THAILAND Sub Rate: THB 10500 (6 months), THB 21000 (12 months), THB 42000 (24 months). UNITED KINGDOM Sub Rate: £ 1050 (6 months), £ 2100 (12 months), £ 4200 (24 months). UNITED STATES Sub Rate: \$ 1050 (6 months), \$ 2100 (12 months), \$ 4200 (24 months). WEST GERMANY Sub Rate: DM 320 (6 months), DM 640 (12 months), DM 1280 (24 months). YUGOSLAVIA Sub Rate: Dinar 105000 (6 months), Dinar 210000 (12 months), Dinar 420000 (24 months).

